

TOWN OF WARRENTON, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2000

FRANCES K. HATCHER, FINANCE DIRECTOR

Town of Warrenton, Virginia
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2000

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Town of Warrenton, Virginia

Principal Town Officials

Town Council	
John E. Mann, Sr.	Robert L. Walker
George B. Fitch, Mayor	
Robert W. Rice	Samuel B. Tarr
John S. Lewis, Vice Mayor	
Frank S. Foley	David A. Norden
Town Manager	
John A. Anzivino	
Town Attorney	
Henry C. Day	
Robin C. Gulick, Assistant Town Attorney	
Officials	
Town Recorder Evelyn J. Weimer	
Finance/Personnel Director Frances K. Hatcher	
Planning/Zoning Director Raymond P. Ocel, Jr.	
Chief of Police Roger L. Paul	
Public Works/Utilities Director Edward B. Tucker, Jr.	
Economic Development Director Patricia J. Meagher	

October 10, 2000

To the Citizens of The Town of Warrenton:

The comprehensive annual financial report of the Town of Warrenton for the fiscal year ended June 30, 2000, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Town of Warrenton issue annually a report on its financial position and activity, and that an independent firm of Certified Public Accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups and component units of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section, which is unaudited, includes this transmittal letter, the Town's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi year basis.

The financial reporting entity (the government) includes all funds and account groups of the Town as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The Town of Warrenton provides a full range of services to its citizens including police protection; sanitation and recycling services; and the construction and maintenance of highways, streets, and infrastructure. In addition, the Town contributes to cultural events and recreational activities. The Town also operates utilities (water and sewage) and provides planning and community development services for its 6,634 citizens. Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. However, the Town has no component units.

Economic Condition and Outlook

The Town of Warrenton, which was included as part of the Metropolitan Washington statistical area in 1991, continues to experience moderate and well planned growth, most of which can be attributed to people seeking a high quality, small town environment and an escape from the rapid paced lifestyles of the more urban areas to the north and east.

This trend and the attendant growth, which has continued over the last ten years, has changed the face of the Town to that of a more transient, commuter-oriented community and has led to recognition that Warrenton is a growing market with new opportunities for businesses. As a result, numerous small businesses have either located in or are continually searching for suitable sites in the community and business growth continues at a steady pace.

Also with the new growth and the generally positive economic conditions, which accompany it, the outlook for the Town continues to be upbeat and continues to parallel that of the nation and its improved economy. Also, because of the Town's proximity to Northern Virginia and the Metropolitan area, the Town remains the primary commercial and service area of Fauquier County, and because of steady population growth, the Town has continued to see several commercial and industrial areas develop which have led to an increased tax base for the community with additional employment opportunities for the citizens of the Town of Warrenton. The combination of these factors has allowed the Town Council an opportunity to decrease several tax rates over the last five consecutive years while maintaining services.

While the population and growth changes in the Town have had positive economic consequences over the last decade, the Town has also worked hard to add adequate infrastructure, maintain it while at the same time maintaining efficiencies in service and providing the continued high quality of service that the Town's citizens have come to expect. A brief comparison of changes over the decade follows:

Some Changes over a Decade to the Town of Warrenton and Its Infrastructure

	1990	1999
Population	4,830 ¹	6,634 ²
Area in square miles	3.3	4.25
Population Density, persons per sq mile	1,464	1,519
Road lane miles maintained	57.8 ³	75.5
Equipment for snow removal (dump trucks, pickups, grader, backhoe)	11	12
Number of street lights	527 ³	621
Miles of storm sewer	10.54 ³	13.64
Number of households	2,204	2,738
Recycling collection, tons	834	1,955

	1990	1999
Recycling rate	19%	40%
Refuse collection, tons	3,503	2,808
Water produced, avg daily gallons	879,853	1,139,682
Sewage treated, avg daily gallons	1,170,015	1,036,846
Number of water customers	2,634	3,069
Miles of water line maintained	60 ³	71
Number of fire hydrants	555 ³	735
Miles of sewer lines maintained	47 ³	59
Number of taxable real estate parcels	2,696	3,164
Value of taxable real estate parcels	\$391,114,600	\$488,175,500
Number of non- taxable real estate parcels	112	237
Value of non-taxable real estate parcels	\$80,997,058	\$134,854,300
Source: Town Records		
¹ Official U.S. Census Count		
² Population estimated derived utilizing U.S. Census Bureau's Housing Analysis		
³ 1992 data - First year for which data is available, source: 1991-1992 Audit of Town of Warrenton		

During the past year, the Town has completed several public works projects, including the Shirley Avenue project, a joint project with the Virginia Department of Transportation, which eliminated major flooding problems for many businesses and also reduced a traffic bottleneck.

The Town has also purchased the Mosby-Spilman house to expand tourism opportunities and is continuing to work with a related Foundation that has been established to convert the property for use as a visitors center and museum. In addition, during the course of the past year, the Town has continued to see steady growth in the construction of new homes in various price ranges and has worked with numerous developers concerning new projects on undeveloped properties within the Town. Because of these factors, the Town's location, and its positive economic climate, both Fauquier County and the Town of Warrenton continue to have an unemployment rate of 1.2%, which is below the State and National average of 2.5% and 3.9% respectively.

Steady growth is anticipated for the Town over the next several years due to a generally positive economic climate and the growth of Northern Virginia in general. The Town Council worked with the Board of Supervisors for several years and has completed a boundary adjustment which will adjust a small parcel of property of approximately 20 acres, including a Wal-Mart store, into the Town in 2001, continuing expansion of the Town's economic base. The

Town continues to discuss options with the County concerning the provision of utilities outside the corporate boundaries as well as other municipal services and is in the process of updating the Town's Comprehensive Plan.

For the Year The Town of Warrenton, in Fiscal Year 2000, continued to operate and refine major programs to meet the increasing numbers of citizens' needs for service, to promote efficiency in its operations and to safeguard the environment in conformance with all applicable federal and state standards. Many of the Town's programs resulted in major projects and accomplishments for the community and the Town continues to be recognized by the Government Finance Officers' Association (GFOA) for the Town's Finance and Personnel Department's preparation of the Town's budget. In addition, the Town prepared and completed the Town's audit, which is also recognized by GFOA, a recognition, which indicates that both the budget and audit are presented in an easily readable fashion, which is a benefit to the community's citizens in understanding where their tax dollars are spent.

During fiscal year 2000, the Department of Planning and Community Development continued to work diligently in review of several development plans. As noted earlier, the Town's Comprehensive Plan is in the process of complete revision, which will better reflect the desires and needs of the citizens over the next five to twenty years for the community. In addition, the staff of the Department of Planning and Community Development participated in settlement of a long-standing law suit relative to development of a large parcel of property on the west side of town - the Gold Cup property. The settlement agreement will result in fewer homes being built, recreational land being donated to the Town, funds being provided for development of a portion of that recreational property, and development of an internal trail system which will benefit citizens and residents of the subdivision and the community in general long into the future.

The Department also worked with Mary Washington College to better identify potential historic preservation areas within the community, which resulted in a study of two neighborhoods being conducted which may be considered for future inclusion into the Town's historic district.

The Public Works Department continued to work on planning, designing and constructing a substantial number of small maintenance and large capital projects to meet the needs of the community and to correct problems. As previously noted, staff worked closely with the Virginia Department of Transportation to complete the Shirley Avenue Widening and Drainage Project which corrected one of the worst drainage problems in the Town. This has resulted in a significant reduction in property damage, the initiation of a revitalization and redevelopment process along the road and at the same time has resulted in smoother traffic flow along Shirley Avenue. Another stormwater project at Warrenton United Methodist Church was also started during the year and when complete, will help reduce downstream overloads.

The Town's refuse collection operation of the Public Works Department also continued their efforts to provide service to numerous businesses and all residents throughout the community while promoting recycling. During the course of the year, the Town's Public Works

Department also continued an aggressive street repaving program, repaving Plain Road, Norfolk Drive, Old Meetze Road and North Street, utilizing over 3,800 tons of asphalt. The superior condition of the Town streets once again has generated compliments from the Virginia Department of Transportation during their annual inventory inspection for maintenance payments and generally high marks from citizens who were surveyed via a customer service survey.

The Public Works Department also continued to make improvements along major pedestrian corridors within the community, completing construction of a sidewalk along Falmouth Street to Shirley Avenue and through installation of a crosswalk at Taylor Middle School for access to the hiking trail. In addition, the Public Works Department, in an attempt to better maintain asphalt over the long term, has initiated an aggressive preventive maintenance program with lease of hot crack sealing equipment and the application of 4,000 pounds of crack sealing material to the streets in an attempt to be proactive in reducing pothole production.

Also during the course of the year, a new parking lot was completed at Academy Hill Park and along South Fifth Street, thus relieving some pressure in the downtown area created by a booming economy.

The Town's Police Department continues to operate smoothly in spite of going through a major transition in police officers as well as leadership within the Department. While vacancies in the Police Department ranks have been cut from four to one during the past year, a high turnover of officers moving to Northern Virginia for higher salaries has created some difficulty in the Department in their continuity of services. With the hiring of a new Chief, the force has been re-staffed and training is now ongoing. In fiscal year 2000 the Department has continued to transition from a small town police department to a department committed to modernization and continues to upgrade law enforcement functions in all areas. Included as part of this are upgrades in technology, performance and review programs and advanced levels of community policing. The community oriented policing program continued to grow with expansion of bike patrols in fiscal year 2000 and the Community Services officer function. The Department has recently initiated a program, which assigns a vehicle to each police officer, which will be parked in various neighborhoods and taken home by in-Town officers, resulting in more of a "presence" in the various neighborhoods. During the past year, the Department also saw crime continue to be reduced in the community and completed installation of a new incident-based reporting system mandated by the Commonwealth of Virginia, which will allow the Town to do paperless entry of crime records into the State system for later retrieval and usage.

The Town's Utility Department continued to be productive during Fiscal Year 2000 and worked on making improvements in the area of infrastructure, operations and administration. The utility infrastructure saw major improvements with the replacement of 2,139 lineal feet of substandard waterline and the completion of an in-house study of significant amounts of the wastewater collection system as it relates to infiltration/inflow problems. The wastewater treatment plant (WWTP) staff replaced the second half of the headworks mechanism at the plant, which removes grit and foreign objects from the sewage flow preventing it from entering the plant and fouling the operation. The WWTP also continued to work on installation of concrete

drainage and flooring systems in two more sludge drying beds, thus expanding storage capacity considerably.

In addition, the Meter Reading program continued to install “touchless” meters, which will allow the meter readers in the future to move more quickly through areas and take more accurate readings using modern day computer technology. At the present time, 22% of the 3,069 services in the community have been replaced with “touchless” meters. The Department also mailed out its first Consumer Confidence Report related to drinking water quality and reduced staff via negotiating a more relaxed wastewater discharge permit at the Town’s wastewater treatment plant. Operation of the WWTP continued to be positive with only one minor violation being reported under the Department of Environment Quality (DEQ) permit.

The Town of Warrenton’s Department of Economic Development continues to provide a wide range of services to existing businesses and the tourism community as well as to businesses considering location in Warrenton. These services include site location assistance, assistance with the Town’s permitting processes, development of finance packages and general assistance in getting the business up and running or relocated to the Town. Town staff, during the course of FY 2000, completed sale of another lot in the Lineweaver Technology Center to “Leading Edge,” a printing company from Manassas. In addition, the staff worked with a private developer to rezone property for the possible relocation of Imaging Acceptance Corporation, one of the community’s larger and fastest growing employers, to a more appropriate location. The staff was also involved with recruiting several businesses to the community, some of which are still in process, and with the approval of Council, initiated a strategic planning process to determine direction of the Town’s economic development efforts over the next several years. The Economic Development Department also initiated an existing business visitation program, worked closely with the Fauquier Technology Alliance, and worked diligently to insure that a labor study, which the Town participated in, was completed and the information gathered accurately reflects the situation in the Town and surrounding areas. In order to capitalize on regional economic development opportunities, the Town has continued to work closely with the Rappahannock-Rapidan Planning District Commission (PD-9), Culpeper and Fauquier Counties, and the Vint Hill Economic Development Authority.

In the Future

The future of the Town of Warrenton continues to be guided by its Comprehensive Plan which continues to be updated and is progressing toward its final review stage by the Planning Commission for presentation to the Town Council and the community’s citizens. With appropriate citizen participation, both from a citizens’ advisory group and through the public hearing process, it is anticipated that the scope of the plan will be expanded as well as the period of time which it covers.

With the continued pressure of growth on the community, the Town staff continues to work to accurately review the permit applications for land use changes and development which are occurring in the Town. The Town continues to emphasize this effort in that only quality development will reflect Warrenton’s current position and allow the community to retain its

current high standards. In the coming years it is expected that the Town will begin to move through a maturation process and that infill development will be the norm as opposed to the unexpected and that the Town will maximize its population growth. The Town continues to work to expand information provided to citizens and visitors on its website and is working diligently to make available to all citizens information about the Town as well as initiating a process to ensure that interaction with government can be carried on more easily through use of the Internet.

Department Focus.

This year the Town of Warrenton will highlight the Town's Economic Development Department as part of its departmental focus.

The Economic Development Department currently consists of 1.5 full-time employees, an Economic Development Director and the Community/Economic Development Assistant who is shared with the Director of Planning and Community Development. In addition, a secretary in the Planning Department also occasionally helps out with Economic Development assistance.

The Department carries out a wide range of activities in the area of retainage of existing business, travel and tourism and recruitment of new business and is readily available to assist any and all businesses with any problems which arise in the community. During the past year, the Economic Development Department underwent personnel changes, moving in a new director who had been a long-time staff member, recruiting a new economic development/community development assistant and continues to forge ahead in creating a better economic climate for the citizens of the Town of Warrenton.

To retain and expand the Town's existing base of businesses, the office's Director serves in the role of ombudsman and continues to actively identify issues and resolve conflicts between the Town and its businesses by listening to business through phone and field contacts and with follow-up by appropriate staff department heads. At the same time, to seize opportunities that can yield a significant economic return to the community, the Director maintains a flexibility to draw upon and provide a specific role and special projects which typically attract community-wide support (i.e., Spring Festival, First Night, Lafayette celebration, etc.). The Director also works to help provide leadership and economic development in the region, working with the Rappahannock-Rapidan Regional Partnership and the Economic Development Operations Committee, the Fauquier County Chamber of Commerce, the Partnership for Warrenton Foundation and the Northern Virginia Economic Development Coalition, the Northern Virginia Technology Council, the Virginia Economic Developers Association, and staffs the Town's Economic Development Advisory Committee.

During the course of the year, the staff has worked diligently to recruit new businesses to the Town of Warrenton's Lineweaver Technology Center. At the present time, the facility has two lots unsold – both of which may soon be sold to a private company. Consequently, the Town will be working to forge new relationships with the private sector to ensure that an adequate supply of industrial land is available for potential high tech industries and the Town will no

longer be in the business of marketing its own property, but will move to assist in the marketing of property of others.

In addition, in the coming year the Town staff will take a more active role in promoting the Mosby Museum and will also be working diligently to expand tourism development, retain existing business and work on improvements throughout the community and job creation as well as job retention.

FINANCIAL INFORMATION

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. The Town continually assesses its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met and that costs of these controls do not exceed the benefits derived from them.

Budgeting Controls. The Town maintains budget controls and the objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. All funds, except the fiduciary funds, are included in the annual appropriated budget. The five-year capital improvements plan is adopted as part of the budgetary process.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2000 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percent Increase (Decrease)</u>
Taxes	\$5,012,492	72.42%	\$ (113,331)	(2.21)%
Intergovernmental	1,178,070	17.02	29,057	2.53
Licenses and Permits	134,462	1.94	25,120	22.97
Fines and Forfeitures	104,505	1.51	(2,437)	(2.28)
Use of Money & Property	292,579	4.23	(9,710)	(3.21)
Miscellaneous	174,071	2.52	117,374	207.02
Recoveries	<u>25,004</u>	<u>.36</u>	<u>1,477</u>	<u>6.23</u>
Total	\$6,921,183	100.00%	\$ 47,550	

The most significant increase in actual revenue sources was from the sale of surplus land included under Miscellaneous Revenue.

The most significant actual revenue decrease was from Use of Money and Property Revenues due to a decrease in the revenues from rentals of Town owned property.

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2000 and the amount and percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percent Increase (Decrease)</u>
Current:				
General Government	\$ 786,176	11.74%	\$ 30,156	3.99%
Public Safety	1,822,997	27.23	111,842	6.54
Public Works	2,019,495	30.13	74,780	3.72
Contributions	228,659	3.42	139,310	155.92
Community Development	424,043	6.34	1,381	.33
Debt Service:				
Principal	23,719	0.35	360	1.54
Interest	1,032	0.02	(1,577)	(60.44)
Capital Outlays	<u>1,390,842</u>	<u>20.77</u>	<u>(53,076)</u>	<u>(3.68)</u>
Total	\$6,696,963	100.00%	\$ 303,176	

The increase in contributions reflects pass-through payments to Loudoun Transit for the operation of a new bus system in Town.

The decrease in capital outlays is due to the completion of several major street widening and drainage projects as well as the Rails to Trail project and purchase of the Mosby-Spilman House.

General Fund Balance. The general fund balance increased by 6.16 percent in 2000. This increase, when added to the previous year's fund balance, continues to enhance the Town's ability to pay for current operating expenditures.

Enterprise Operations. The Town's enterprise operations are comprised of two separate and distinct activities: the Water and Sewer Fund and the Cemetery Fund.

Several of the Town's major initiatives are directly related to the Water and Sewer Fund as mentioned earlier. The Town has continued to provide quality services to its customers, as well as retire its debt, with no increase to the charges for these services during the past three fiscal years.

The 4.41% increase in operating expenses is primarily due to increased labor costs and the associated costs of benefits.

The decrease in non-operating expenses is due to increased bond payments resulting in decreased interest payments.

The Cemetery Fund accounts for the revenues and expenses of the Town's nine-acre cemetery. The Town maintained the cemetery in 2000 with a 5.2% decrease in expenses. Revenues decreased again by 24.13% since most of the available lots had been sold in previous years.

Debt Administration. During the year, the Town maintained its current debt obligation through current operating revenues with no new bond debt being incurred.

Cash Management. Idle cash during the year was invested in treasury bonds and demand deposit accounts with various financial institutions, fully collateralized by those institutions. The continued recovery of the economy during the year and investment practices for idle cash resulted in an increase of 8.55% in interest revenue during the year.

Risk Management. The Town is a member of the Virginia Municipal Group Self Insurance Association for Workers' Compensation. The Town continues to carry insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates was selected for our audit. The audit was designed to meet the requirements set forth in state statutes as well as meet the requirements of OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warrenton for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.


In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our comprehensive annual finance report continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.


Acknowledgments. Each member of the finance department has our sincere appreciation for their efforts in making this report possible on a timely basis.

The Town Council also has our sincere appreciation for their leadership and support. Without this support, this report would not have been possible.

Sincerely,



John A. Anzivino
Town Manager



Frances K. Hatcher
Finance/Personnel Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Warrenton,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

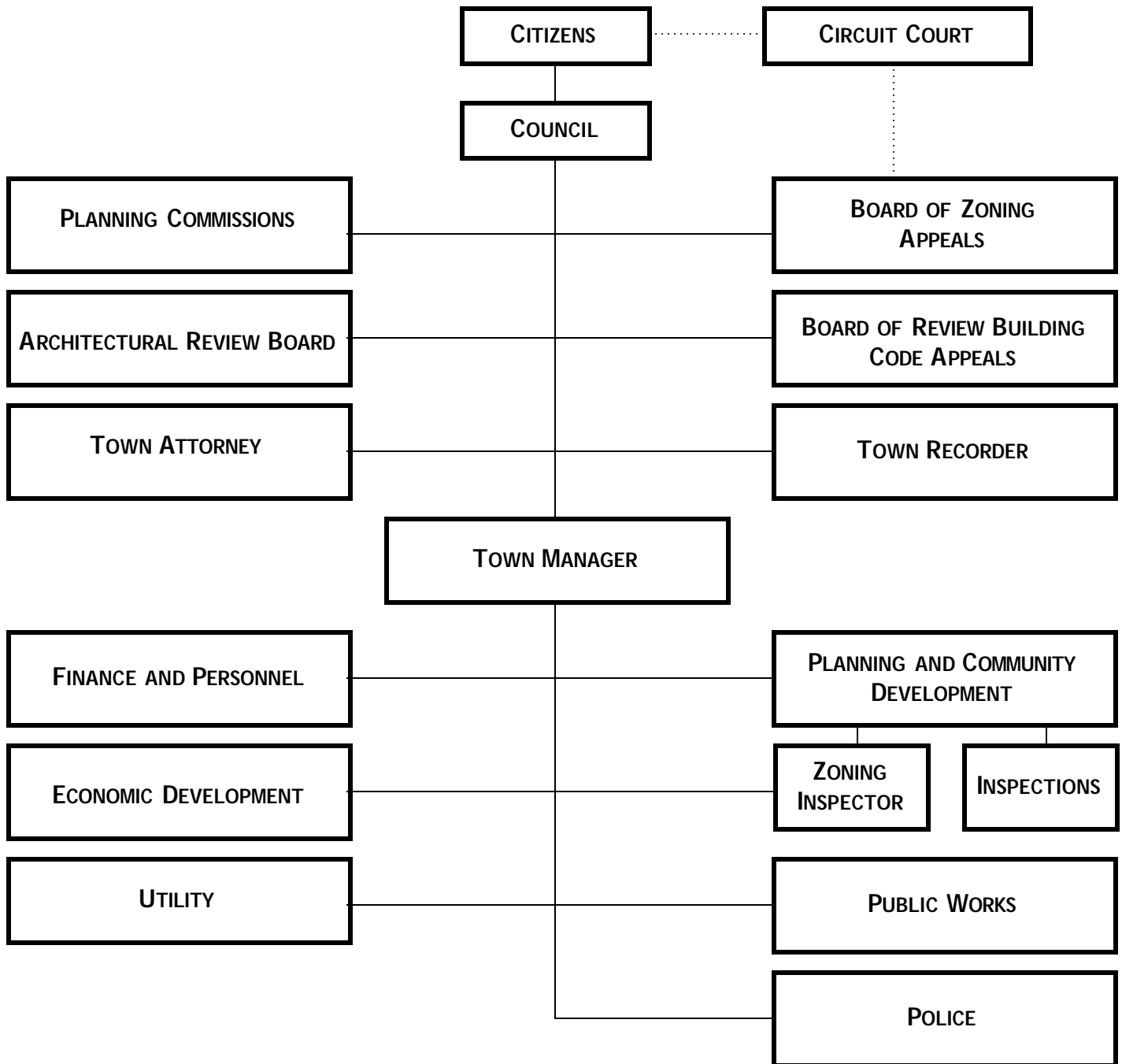
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Cary Brubaker
President
Jeffrey L. Esler
Executive Director

TOWN OF WARRENTON

ORGANIZATIONAL CHART



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE TOWN COUNCIL TOWN OF WARRENTON, VIRGINIA

We have audited the accompanying general-purpose financial statements and the combining, individual fund and account group financial statements of The Town of Warrenton, Virginia, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the Town of Warrenton, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Specifications for Audit of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Warrenton, Virginia, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also in our opinion the combining and individual fund and account group financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the Town of Warrenton, Virginia, as of June 30, 2000 and the results of its operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2000 on our consideration of the Town of Warrenton, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Warrenton, Virginia, taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

September 13, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

Town of Warrenton, Virginia

Combined Balance Sheet - All Funds and Account Groups At June 30, 2000

	Governmental Fund Types	Proprietary Fund Types
	General	Enterprise
ASSETS AND OTHER DEBITS		
Cash and investments(Note 11)	\$ 5,833,777	\$ 3,143,391
Restricted cash and investments(Note 11)	0	25,371
Receivables:		
Taxes receivable	173,059	0
Other accounts	281,696	350,437
Accrued interest	20,974	251
Notes	0	74,589
Inventory	0	160,498
Due from other governments (Note 3)	216,237	0
Bond issuance costs (net of amortization)	0	77,491
Property, plant and equipment (net) (Notes 4 & 5)	0	16,846,758
Other debits:		
Amount to be provided for the retirement of general long-term debt and accrued leave	0	0
Total assets	<u>\$ 6,525,743</u>	<u>\$ 20,678,786</u>
LIABILITIES		
Accounts payable	\$ 341,320	\$ 113,949
Accrued leave payable (Note 7)	0	95,832
Accounts payable from restricted assets	0	25,371
Deferred revenue (Note 9)	165,220	0
Accrued general obligation bond interest payable	0	82,798
Capital leases (Note 7)	0	17,103
General obligation bonds payable (Note 7)	0	5,155,000
Total liabilities	<u>\$ 506,540</u>	<u>\$ 5,490,053</u>
EQUITY AND OTHER CREDITS		
Contributed capital (Note 6)	\$ 0	\$ 9,926,934
Investment in general fixed assets	0	0
Retained earnings:		
Reserved for future projects	0	933,495
Unreserved	0	4,328,304
Fund balances:		
Unreserved:		
Designated for subsequent expenditures	1,920,460	0
Undesignated	4,098,743	0
Total equity and other credits	<u>\$ 6,019,203</u>	<u>\$ 15,188,733</u>
Total liabilities, fund equity and other credits	<u>\$ 6,525,743</u>	<u>\$ 20,678,786</u>

The accompanying notes to financial statements are an integral part of this statement

Exhibit 1

Fiduciary Fund Types	Account Groups		Totals "Memorandum Only"
	General Long-term Debt	General Fixed Assets	
\$ 80,477	\$ 0	\$ 0	\$ 9,057,645
0	0	0	25,371
0	0	0	173,059
0	0	0	632,133
0	0	0	21,225
0	0	0	74,589
0	0	0	160,498
0	0	0	216,237
0	0	0	77,491
0	0	6,991,739	23,838,497
0	218,176	0	218,176
\$ 80,477	\$ 218,176	\$ 6,991,739	\$ 34,494,921
\$ 80,477	\$ 0	\$ 0	\$ 535,746
0	218,176	0	314,008
0	0	0	25,371
0	0	0	165,220
0	0	0	82,798
0	0	0	17,103
0	0	0	5,155,000
\$ 80,477	\$ 218,176	\$ 0	\$ 6,295,246
\$ 0	\$ 0	\$ 0	\$ 9,926,934
0	0	6,991,739	6,991,739
0	0	0	933,495
0	0	0	4,328,304
0	0	0	1,920,460
0	0	0	4,098,743
\$ 0	\$ 0	\$ 6,991,739	\$ 28,199,675
\$ 80,477	\$ 218,176	\$ 6,991,739	\$ 34,494,921

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Year Ended June 30, 2000

	General
Revenues:	
General property taxes	\$ 1,462,133
Other local taxes	3,550,359
Permits, privilege fees and regulatory licenses	134,462
Fines and forfeitures	104,505
Revenue from use of money and property	292,579
Miscellaneous	174,071
Recovered costs	25,004
Revenue from the Commonwealth	1,155,222
Revenue from the Federal Government	22,848
	<hr/>
Total revenues	\$ 6,921,183
Expenditures:	
Current:	
Legislation and policy direction	\$ 95,578
General government administration	156,487
Counsel and legal advice	159,919
Financial administration	292,891
Memberships	3,556
Data processing department	77,745
Department of police	1,561,569
Fire and rescue services	111,508
Bureau of building inspections	149,920
Public works administration	241,372
Bureau of street maintenance	493,388
Arterial street maintenance	284,842
Collector street maintenance	306,448
Bureau of refuse collection	406,929
Recycling department	73,516
Maintenance, building and grounds	203,662
Maintenance, parks	9,338
Contributions	228,659
Planning Commission	230,752
Board of Zoning Appeals	428
Architectural Review Board	633
Economic development department	192,230
Capital projects	1,390,842
Debt service:	
Principal retirement	23,719
Interest and other fiscal charges	1,032
	<hr/>
Total expenditures	\$ 6,696,963
Excess (deficiency) of revenues over (under) expenditures	\$ 224,220
Other financing sources and (uses):	
Operating transfers out	\$ (30,862)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 193,358
Fund balances, beginning of year	<hr/> 5,825,845
Fund balances, end of year	<hr/> <hr/> \$ 6,019,203

The accompanying notes to financial statements are an integral part of this statement

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

All Governmental Funds

Year Ended June 30, 2000

	General Fund		
	Budget	Actual	Variance Favorable (Unfavor.)
Revenues:			
General property taxes	\$ 1,500,000	\$ 1,462,133	\$ (37,867)
Other local taxes	2,939,000	3,550,359	611,359
Permits, privilege fees and regulatory licenses	84,830	134,462	49,632
Fines and forfeitures	76,000	104,505	28,505
Revenue from use of money and property	196,200	292,579	96,379
Miscellaneous	28,291	174,071	145,780
Recovered costs	30,000	25,004	(4,996)
Revenue from the Commonwealth	840,232	1,155,222	314,990
Revenue from the Federal Government	0	22,848	22,848
Total revenues	\$ 5,694,553	\$ 6,921,183	\$ 1,226,630
Expenditures:			
Current:			
Legislation and policy direction	\$ 136,255	\$ 95,578	\$ 40,677
General government administration	152,453	156,487	(4,034)
Counsel and legal advice	88,570	159,919	(71,349)
Financial administration	282,157	292,891	(10,734)
Memberships	3,923	3,556	367
Data processing department	81,565	77,745	3,820
Department of police	1,524,755	1,561,569	(36,814)
Fire and rescue services	121,615	111,508	10,107
Bureau of building inspections	149,124	149,920	(796)
Public works administration	243,898	241,372	2,526
Bureau of street maintenance	568,034	493,388	74,646
Arterial street maintenance	317,568	284,842	32,726
Collector street maintenance	297,416	306,448	(9,032)
Bureau of refuse collection	410,770	406,929	3,841
Recycling program	91,164	73,516	17,648
Maintenance, building and grounds	194,994	203,662	(8,668)
Maintenance, parks	12,503	9,338	3,165
Contributions	126,850	228,659	(101,809)
Planning Commission	236,632	230,752	5,880
Board of Zoning Appeals	1,700	428	1,272
Architectural Review Board	2,000	633	1,367
Economic development department	230,433	192,230	38,203
Capital projects	1,233,759	1,390,842	(157,083)
Debt service:			
Principal retirement	24,635	23,719	916
Interest and other fiscal charges	885	1,032	(147)
Total expenditures	\$ 6,533,658	\$ 6,696,963	\$ (163,305)
Excess (deficiency) of revenues over expenditures	\$ (839,105)	\$ 224,220	\$ 1,063,325
Other financing sources (uses):			
Proceeds from indebtedness	\$ 650,000	\$ 0	\$ (650,000)
Operating transfers in	0	0	0
Operating transfers out	\$ (45,089)	\$ (30,862)	\$ 14,227
Total other financing sources (uses)	\$ 604,911	\$ (30,862)	\$ (635,773)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (234,194)	\$ 193,358	\$ 427,552
Fund balances at beginning of year	234,194	5,825,845	5,591,651
Fund balances at end of year	\$ 0	\$ 6,019,203	\$ 6,019,203

The accompanying notes to financial statements are an integral part of this statement.

PROPRIETARY FUNDS
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended June 30, 2000**

	Proprietary Fund Type Enterprise
Operating revenues:	
Sale of water and sewer services	\$ 3,034,981
Sale of cemetery services	15,400
Miscellaneous revenues	16,752
Total operating revenues	\$ 3,067,133
Operating expenses:	
Maintenance of cemetery building and grounds	\$ 72,512
Source of supply of water	421,405
Maintenance of water and sewer lines	352,766
Meter reading, billing and servicing	173,994
Operation of sewage treatment plant	806,383
Administration	382,679
Depreciation	789,549
Amortization	8,856
Total operating expenses	\$ 3,008,144
Net operating income	\$ 58,989
Non-operating revenues (expenses):	
Interest revenue	\$ 152,126
Rental income	29,820
Interest expense	(253,307)
Other	(1,800)
Total non-operating revenues (expenses)	\$ (73,161)
Income (loss) before operating transfers	\$ (14,172)
Operating transfers in	30,862
Net income (loss)	\$ 16,690
Add depreciation on fixed assets acquired by grants	315,114
Increase (decrease) in retained earnings	\$ 331,804
Retained earnings, beginning of year	4,929,995
Retained earnings, end of year	\$ 5,261,799

The accompanying notes to financial statements are an integral part of this statement.

PROPRIETARY FUNDS
**Combined Statement of Cash Flows
Year Ended June 30, 2000**

	Proprietary Fund Type Enterprise
Cash flows from operating activities:	
Operating income (loss)	\$ 58,989
Adjustments to reconcile operating income with net cash provided by operating activities:	
Depreciation	\$ 789,549
Amortization	8,856
(Increase) decrease in accounts receivable	33,975
(Increase) decrease in accrued interest receivable	679
(Increase) decrease in notes receivable	(74,589)
(Increase) decrease in inventory	(14,190)
Increase (decrease) in accounts payable	(226,840)
Increase (decrease) in accrued leave	23,867
Increase (decrease) in payable from restricted assets	(2,360)
Increase (decrease) in accrued general obligation interest	(7,425)
Net cash provided by operating activities	\$ 590,511
Cash flows from noncapital financing activities:	
Operating transfers from other funds	\$ 30,862
Cash flows from capital and related financing activities:	
Repayment of long term debt	\$ (567,894)
Interest paid on indebtedness	(255,107)
Purchase of fixed assets	(409,797)
Capital contributions from customers - tap fees	857,560
Net cash used in financing activities	\$ (375,238)
Cash flows from investing activities:	
Investment income	\$ 152,126
Rental income	29,820
Net cash provided by investing activities	\$ 181,946
Net increase (decrease) in cash	\$ 428,081
Cash and cash equivalents at beginning of year	2,740,681
Cash and cash equivalents at end of year	\$ 3,168,762

The accompanying notes to financial statements are an integral part of this statement

Town of Warrenton, Virginia

Notes to Financial Statements As of June 30, 2000

Note 1—Summary of Significant Accounting Policies:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

A. Financial Reporting Entity:

The government is a municipal corporation governed by an elected mayor and seven-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no component units for the Town of Warrenton.

B. Cost Sharing Agreement:

The Town has, with the County of Fauquier, a joint dispatch center. The Town appoints three members of the eight-member board of the Center. For the first three years of the agreement, which began in July 1994, the Town will share in 20% of the net costs. All E-911 telephone taxes are credited to the Center and then expenses are shared on a 20/80 split with the County. Since the Center is not truly subject to joint control in that Fauquier County has the ability to unilaterally control the financial and operating policies of the Center, the Center does not meet the definition of a joint venture.

C. Financial Statement Presentation:

The accounts are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund and account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are used to establish accounting control over certain assets and liabilities that are not recorded in funds.

The following table shows the fund types and fund classifications that are generally recognized in municipal accounting, and the titles of the funds maintained by the Town which correspond to these classifications:

<u>Fund Type</u>	<u>Fund Classification</u>	<u>Fund Title</u>
Governmental Proprietary Fiduciary	General & Special Revenue Enterprise Trust and Agency	General Fund & Neighborhood Improvement Fund Cemetery Fund, Water & Sewer Fund Agency Funds

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Financial Statement Presentation (Continued)

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Similar Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than on net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

General Fund accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds.

2. Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Cemetery and Water and Sewer Funds are Enterprise Funds.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Agency Funds.
4. Account Groups are used to account for general obligation long-term debt and general fixed assets. Long-term debt and fixed assets related to the Proprietary Fund are accounted for in this fund. General long-term debt and general fixed asset account groups are included herein.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. General fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

5. Combined/Combining Format
Combined Financial Statements - These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups of a specific fund classification are combined and presented as one in the financial statements. For example, all funds classified as Proprietary Funds are combined and presented under the caption "Proprietary Funds."

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 1—Summary of Significant Accounting Principles: (Continued)

C. Financial Statement Presentation (Continued)

Combining Financial Statements - By Fund Classification - These statements present individual financial statements for each fund of a given fund classification. For example, each Proprietary Fund is shown individually.

6. Budgetary Comparison Statements - The Combined and Combining Statements of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual, compare budget and actual data for all Governmental Funds for which budgets were adopted. Amounts shown as budget represent the amended operating budget as adopted and amended by the Town Council for the fiscal year ended June 30, 2000. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the Town.
7. Total Column on Combined Statements - The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Basis of Accounting

1. Governmental Funds - Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales taxes, which are collected by the State and subsequently remitted to the Town are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the Town.

Licenses, permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.

Expenditures, other than accrued vacation pay not currently payable and interest on long-term debt, are recorded as the related fund liabilities are incurred. Sick leave is recorded as an expenditure when paid. Interest on long-term debt is recognized when due except for interest due on July 1, which is accrued.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 1—Summary of Significant Accounting Principles: (Continued)

D. Basis of Accounting (Continued)

2. Proprietary Fund - The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred. The Town applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB's and ARB's issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

3. Fiduciary Funds (Trust and Agency Funds)

Agency Funds utilize the modified accrual basis of accounting.

E. Budgets and Budgetary Accounting

Budgets are adopted for the General Fund and Enterprise Funds.

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to May 1, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town funds unless they are carried forward by a resolution of Town Council. Several supplemental appropriations were necessary during the fiscal year.
8. All budget data presented in the accompanying financial statements is the amended budget as of June 30.

F. Inventory

Inventories are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 1—Summary of Significant Accounting Principles: (Continued)

G. Property, Plant, and Equipment (Fixed Assets)

Property, plant and equipment purchased is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation for Proprietary Fund fixed assets has been provided over the following estimated useful lives using the straight-line method:

	<u>Prior to 1982</u>	<u>After 1982</u>
Improvements	40	50 years
Water and sewer lines	40	50 years
Water and sewer plant	40	50 years
Equipment	10	5-10 years

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the assets capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets are immovable and of value only to the government.

H. Cash and Cash Equivalents

The Town's cash and cash equivalents consist principally of demand deposits and certificates of deposit, which generally have an original maturity date of three months or less. For the statement of cash flows, all of these are considered cash and cash equivalents.

I. Property Tax Calendar

The Town collects real property taxes semi-annually and personal property taxes annually. Real property and personal property is assessed by the County of Fauquier Commissioner of Revenue annually on property owned on January 1st and July 1st for real estate and January 1st for personal property. Town Council adopts tax rates in April of each year as a part of the budget process. Real property taxes are levied as of January 1st and July 1st and are due on June 15th and December 15th of each year. Personal property taxes are levied as of January 1st and are due on December 15th of each year. Penalties accrue on the unpaid balances at this date. Interest is charged on unpaid balances beginning December 16th and June 16th. Unpaid real property taxes constitute a lien against the property. The Town bills and collects its own property taxes.

J. Investments

Investments are reported at fair value. Certificates of deposits are reported in the accompanying financial statements as cash and cash equivalents.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 1—Summary of Significant Accounting Principles: (Continued)

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

L. Issuance Costs

Issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight line method, which is not materially different from the effective interest method.

M. Encumbrance Accounting

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are not significant and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

N. New Governmental Accounting Standards Board Standards (GASB)

GASB has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, which establishes specific standards for basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. This statement will become effective for the Town in fiscal year 2003. Management has not yet determined the impact of this statement on the financial statements.

Note 2—Property Taxes Receivable:

Property is assessed at its value on January 1st and July 1st for real estate and January 1st for personal property. Property taxes attach as an enforceable lien on property as of January 1st and July 1st. Real Estate Taxes are payable June 15th and December 15th. Personal property taxes are payable December 15th. The Town bills and collects its own property taxes.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 3—Due From Other Governmental Units:

	<u>Primary Government</u>
Commonwealth of Virginia:	
Highway maintenance funds	\$ 170,020
Sales tax	46,152
Rolling stock tax	<u>65</u>
Total	\$ <u>216,237</u>

Note 4—Changes in General Fixed Assets:

A summary of general fixed assets at June 30, 2000 follows:

Primary Government:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land and buildings	\$ 3,816,619	\$ 907,864	\$ 47,599	\$ 4,676,884
Furniture and equipment	1,174,328	121,333	14,065	1,281,596
Vehicles	<u>1,014,259</u>	<u>118,505</u>	<u>99,505</u>	<u>1,033,259</u>
Totals	\$ <u>6,005,206</u>	\$ <u>1,147,702</u>	\$ <u>161,169</u>	\$ <u>6,991,739</u>

Note 5—Proprietary Fixed Assets:

A summary of Proprietary Fund property, plant and equipment at June 30, 2000 follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land	\$ 670,838	\$ -	\$ -	\$ 670,838
Buildings	3,997	-	-	3,997
Dam	1,590,017	-	-	1,590,017
Water and sewer lines	9,627,685	162,509	150,724	9,639,470
Equipment	1,064,032	86,184	31,961	1,118,255
Water and sewer plants	13,661,175	431,350	-	14,092,525
Construction in progress	<u>263,108</u>	<u>9,257</u>	<u>263,108</u>	<u>9,257</u>
Totals	\$ <u>26,880,852</u>	\$ <u>689,300</u>	\$ <u>445,793</u>	\$ <u>27,124,359</u>
Less accumulated depreciation	\$ <u>(9,673,767)</u>	\$ <u>(789,549)</u>	\$ <u>(185,715)</u>	\$ <u>(10,277,601)</u>
Net	\$ <u>17,207,085</u>	\$ <u>(100,249)</u>	\$ <u>260,078</u>	\$ <u>16,846,758</u>

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 6—Contributed Capital:

The Town amortizes contributed capital for enterprise activities on the same basis as the related assets are depreciated. Changes in contributed capital for the year ended June 30, 2000 are as follows:

Contributed capital, July 1, 1999	\$ 9,384,488
Additions	<u>857,560</u>
Subtotal	\$ 10,242,048
Amortization during the year	<u>(315,114)</u>
Contributed capital, June 30, 2000	\$ <u>9,926,934</u>

Note 7—Long-term Debt:

Primary Government:

Annual requirements to retire long-term debt are as follows:

Year Ending June 30,	Enterprise Funds			
	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2001 . . .	\$ 555,000	\$ 236,876	\$ 9,557	\$ 735
2002 . . .	610,000	212,398	7,546	182
2003 . . .	615,000	185,905	-	-
2004 . . .	620,000	158,425	-	-
2005 . . .	620,000	129,905	-	-
2006 . . .	630,000	98,955	-	-
2007 . . .	645,000	65,160	-	-
2008 . .	415,000	36,332	-	-
2009 . . .	<u>445,000</u>	<u>12,460</u>	<u>-</u>	<u>-</u>
Total . .	\$ <u>5,155,000</u>	\$ <u>1,136,416</u>	\$ <u>17,103</u>	\$ <u>917</u>

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 7—Long-term Debt: (Continued)

Primary Government: (Continued)

Changes in Long-term Debt

The following is a summary of long-term transactions of the Town for the year ended June 30, 2000:

	<u>Compensated Absences</u>		<u>Enterprise</u>		<u>General</u>	
	<u>Enterprise</u>	<u>General Fund</u>	<u>Bonds</u>	<u>Leases</u>	<u>Long-Term Debt</u>	<u>Total</u>
Balance payable at						
July 1, 1999	\$ 71,965	\$ 217,162	\$ 5,705,000	\$ 15,573	\$ 23,683	\$ 6,033,383
Proceeds from capital						
lease	-	-	-	19,424	-	19,424
Retirements of Water &						
Sewer bonds	-	-	(550,000)	-	-	(550,000)
Retirement: Lease						
purchase	-	-	-	(17,894)	(23,683)	(41,577)
Compensated absences						
(net change)	<u>23,867</u>	<u>1,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,881</u>
Balance payable at						
June 30, 1999	<u>\$ 95,832</u>	<u>\$ 218,176</u>	<u>\$ 5,155,000</u>	<u>\$ 17,103</u>	<u>\$ 0</u>	<u>\$ 5,486,111</u>

Details of Long-term Indebtedness:

Amount Outstanding

General Long-term Debt:

Enterprise Funds:

Water and Sewer general obligation bonds:

\$6,500,000 issued April 1, 1993 due in annual installments varying from \$85,000

to \$645,000 due September 1, 2008 interest rates from 2.5% to 5.6% \$ 5,155,000

Capital Leases:

\$19,424 issued March 6, 2000, due in 24 monthly installments of \$859 beginning

April 6, 2000 through March 6, 2002. The Lease is for the purchase of a 2000

Dodge Dakota truck 17,103

Total enterprise funds long-term debt \$ 5,172,103

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 8—Defined Benefit Pension Obligation:

A. Plan Description

The Town contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2000 was 6.61% of annual covered payroll.

C. Annual Pension Cost

For 2000, the Town's annual pension cost of \$210,794 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4% to 6.15% per year, and (c) 3.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4%. The actuarial value of the Town's assets is equal to the modified market value of assets.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 8—Defined Benefit Pension Obligation: (Continued)

C. Annual Pension Cost

This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$ 159,590	100%	\$ 56,072
June 30, 1999	188,285	100%	\$ 47,079
June 30, 2000	210,794	100%	\$ 0

* Includes employer costs only

D. Required Supplementary Information

Schedule of Funding Progress for Defined Pension Benefit Plan

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Payroll</u>
06/30/99	\$ 8,547,058	\$ 8,917,292	\$ 370,234	95.08%	\$ 3,014,056	12.3%
06/30/98	7,340,072	7,976,592	636,520	92.00%	3,043,798	20.90%
06/30/96	5,302,298	5,713,953	411,655	92.80%	2,670,771	15.40%
06/30/94	4,142,201	3,878,570	(263,631)	106.80%	2,695,049	-9.78%

Note: The information presented above is currently all that is available.

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 9—Deferred Revenue:

Deferred revenue represents uncollected tax billings at June 30, 2000 not available for funding of current expenditures. Taxes due at June 30 and collected within 60 days after June 30 are recognized as revenue in the accompanying financial statements.

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$165,220 is comprised of \$153,885 uncollected tax billings and \$11,335 of prepaid tax collections not available for funding for current expenditures.

Note 10—Segment Information:

The Town maintains two Enterprise Funds which provide water and sewer services and a cemetery. Segment information for the year ended June 30, 2000 was as follows:

	<u>Water and Sewer Fund</u>	<u>Cemetery Fund</u>
Operating revenues	\$ 3,051,693	\$ 15,440
Depreciation expense and amortization expense	794,951	3,454
Operating income or (loss)	119,515	(60,526)
Net income or loss	25,796	(9,106)
Plant, property and equipment:		
Additions (deletions)	409,797	-
Net increase (decrease) in cash flows	431,632	(3,551)
Total assets	20,574,345	104,441
Bonds and other long-term liabilities:		
Payable from operating revenues	4,607,546	-
Total equity	15,088,763	99,970
Change in contributed capital	542,446	-
Net working capital	2,791,661	80,369

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 11—Cash:

Deposits. At year-end the carrying value of the Town's deposits with banks and savings and loans was \$4,894,608 and the bank balance was \$5,562,634. Of the bank balance, \$5,562,634 was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balance none was uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2000.

Investments. Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the state Treasurer's Local Government Investment Pool (LGIP). The LGIP investment is under control of the Treasurer of the Commonwealth of Virginia.

The Town's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its safekeeping agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department (if a bank) or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department (if a bank) or other agent but not in the Town's name.

	Category			Carrying Amount	Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Repurchase agreements . . .	\$ -	\$ -	\$ 507,347	\$ 507,347	\$ 507,347
U.S. Treasury Bills	-	-	589,060	589,060	589,060
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,407</u>		

Investment in State Treasurer's Local

Government Investment Pool (LGIP)	<u>3,091,776</u>	<u>3,091,776</u>
Total investments	\$ 4,188,183	\$ 4,188,183
Total deposits	4,894,608	
Cash on hand	225	
Total cash and investments	<u>\$ 9,083,016</u>	

Town of Warrenton, Virginia

Notes to Financial Statements

As of June 30, 2000 (Continued)

Note 12—Deferred Compensation Plan:

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In compliance with revisions to Section 457 of the Internal Revenue Code effective August 20, 1996, these assets are held for the exclusive benefit of Town employees. The Town's plan was amended during the year to provide that all assets are held in trust for participating employees. Accordingly, assets and the resulting liabilities of the Deferred Compensation Plan are no longer recorded in the Town's financial statements.

Note 13—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company-Surety	
John Anzivino, Town Manager	\$ 50,000
Public Employees Blanket Bond	25,000
United States Fidelity and Guaranty Company-Surety	
Director of Finance	500,000
Deputy Finance Director	500,000

Note 14—Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

COMBINING AND ACCOUNT GROUP FINANCIAL STATEMENTS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer—This fund is used to account for the Town’s provisions of water and sewer services.

Cemetery Fund—This fund is used to account for the Town’s maintenance of its cemetery. Funding is provided by user charges and transfers from the general fund.

ENTERPRISE FUNDS

Combining Balance Sheet
At June 30, 2000

ASSETS	Water and Sewer Fund	Cemetery Fund	Total
Current assets:			
Cash and investments--Operating	\$ 3,058,802	\$ 84,589	\$ 3,143,391
Cash and investments--Restricted	25,371	0	25,371
Accounts receivable	350,437	0	350,437
Accrued interest receivable	0	251	251
Notes receivable	74,589	0	74,589
Inventory	160,498	0	160,498
Total current assets	\$ 3,669,697	\$ 84,840	\$ 3,754,537
Property, plant and equipment:			
Land	\$ 665,338	\$ 5,500	\$ 670,838
Buildings	0	3,997	3,997
Improvements	1,590,017	0	1,590,017
Water and sewer plants	14,092,525	0	14,092,525
Water and sewer lines	9,639,470	0	9,639,470
Equipment	1,073,913	44,342	1,118,255
Construction in progress	9,257	0	9,257
Sub-total	\$ 27,070,520	\$ 53,839	\$ 27,124,359
Less accumulated depreciation	10,243,363	34,238	10,277,601
Total property, plant and equipment	\$ 16,827,157	\$ 19,601	\$ 16,846,758
Other assets:			
Bond issuance costs (net of amortization)	\$ 77,491	\$ 0	\$ 77,491
Total assets	\$ 20,574,345	\$ 104,441	\$ 20,678,786
LIABILITIES			
Current liabilities:			
Accounts payable--vouchers	\$ 111,443	\$ 2,506	\$ 113,949
Accrued leave payable	93,867	1,965	95,832
Payable from restricted assets	25,371	0	25,371
Accrued general obligation bond interest	82,798	0	82,798
Current portion-general oblig. bonds & capital leases	564,557	0	564,557
Total current liabilities	\$ 878,036	\$ 4,471	\$ 882,507
Long term liabilities:			
General obligation bonds & capital leases(net of current portion)	\$ 4,607,546	\$ 0	\$ 4,607,546
Total liabilities	\$ 5,485,582	\$ 4,471	\$ 5,490,053
EQUITY			
Contributed capital	\$ 9,926,934	\$ 0	\$ 9,926,934
Retained earnings:			
Retained earnings--Reserved for future projects	\$ 928,495	\$ 5,000	\$ 933,495
Retained earnings--Unreserved	4,233,334	94,970	4,328,304
Total retained earnings	\$ 5,161,829	\$ 99,970	\$ 5,261,799
Total equity and other credits	\$ 15,088,763	\$ 99,970	\$ 15,188,733
Total liabilities and equity	\$ 20,574,345	\$ 104,441	\$ 20,678,786

ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000

	Water & Sewer Fund	Cemetery Fund	Total
Operating revenues:			
Sale of water and sewer services	\$ 3,034,981	\$ 0	\$ 3,034,981
Sale of cemetery services	0	15,400	15,400
Miscellaneous revenue	16,712	40	16,752
Total operating revenues	\$ 3,051,693	\$ 15,440	\$ 3,067,133
Operating expenses:			
Maintenance of cemetery buildings and grounds	\$ 0	\$ 72,512	\$ 72,512
Source of supply of water	421,405	0	421,405
Maintenance of water and sewer lines	352,766	0	352,766
Meter reading, billing and servicing	173,994	0	173,994
Operation of sewage treatment plant	806,383	0	806,383
Administration	382,679	0	382,679
Depreciation	786,095	3,454	789,549
Amortization	8,856	0	8,856
Total operating expenses	\$ 2,932,178	\$ 75,966	\$ 3,008,144
Net operating income (loss)	\$ 119,515	\$ (60,526)	\$ 58,989
Non-operating revenues (expenses):			
Interest revenue	\$ 131,568	\$ 20,558	\$ 152,126
Rental revenue	29,820	0	29,820
Interest expense	(253,307)	0	(253,307)
Other	(1,800)	0	(1,800)
Total non-operating revenues (expenses)	\$ (93,719)	\$ 20,558	\$ (73,161)
Net income (loss) before operating transfers	\$ 25,796	\$ (39,968)	\$ (14,172)
Operating transfers in	0	30,862	30,862
Net income (loss)	\$ 25,796	\$ (9,106)	\$ 16,690
Add depreciation on fixed assets acquired by grants	315,114	0	315,114
Increase (decrease) in retained earnings	\$ 340,910	\$ (9,106)	\$ 331,804
Retained earnings, beginning of year	4,820,919	109,076	4,929,995
Retained earnings, end of year	\$ 5,161,829	\$ 99,970	\$ 5,261,799

ENTERPRISE FUNDS

Combining Statement of Cash Flows
Year Ended June 30, 2000

	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Operating income (loss)	\$ 119,515	\$ (60,526)	\$ 58,989
Adjustments to reconcile income with net cash provided by (used in) operating activities:			
Depreciation	786,095	3,454	789,549
Amortization	8,856	0	8,856
(Increase) decrease in accounts receivable	33,975	0	33,975
(Increase) decrease in accrued interest receivable	0	679	679
(Increase) decrease in notes receivable	(74,589)	0	(74,589)
(Increase) decrease in inventory	(14,190)	0	(14,190)
Increase (decrease) in accounts payable	(227,535)	695	(226,840)
Increase (decrease) in accrued leave	23,140	727	23,867
Increase (decrease) in payable from restricted assets	(2,360)	0	(2,360)
Increase (decrease) in accrued general obligation interest	(7,425)	0	(7,425)
Net cash provided by (used in) operating activities	\$ 645,482	\$ (54,971)	\$ 590,511
Cash flows from noncapital financing activities:			
Operating transfers from other funds	\$ 0	\$ 30,862	\$ 30,862
Cash flows from capital and related financing activities:			
Repayment of long term debt	\$ (567,894)	\$ 0	\$ (567,894)
Interest payments on long-term debt	(255,107)	0	(255,107)
Purchase of fixed assets	(409,797)	0	(409,797)
Capital contributions from customers - tap fees	857,560	0	857,560
Net cash (used in) capital and related financing activities	\$ (375,238)	\$ 0	\$ (375,238)
Cash flows from investing activities:			
Investment income	\$ 131,568	\$ 20,558	\$ 152,126
Rental income	29,820	0	29,820
Net cash provided by investing activities	\$ 161,388	\$ 20,558	\$ 181,946
Net increase (decrease) in cash	431,632	(3,551)	428,081
Cash and cash equivalents at beginning of year	\$ 2,652,541	\$ 88,140	\$ 2,740,681
Cash and cash equivalents at end of year	\$ 3,084,173	\$ 84,589	\$ 3,168,762

WATER AND SEWER FUND

Balance Sheet
At June 30, 2000**ASSETS**

Current assets:

Cash and investments-operating	\$ 3,058,802
Cash and investments-restricted	25,371
Accounts receivable (net of allowance for uncollectibles)	350,437
Notes receivable	74,589
Inventory	160,498

Total current assets \$ 3,669,697

Fixed assets:

Land	\$ 665,338
Dam	1,590,017
Water and sewer plants	14,092,525
Water and sewer lines	9,639,470
Equipment	1,073,913
Construction in progress	9,257

Sub-total \$ 27,070,520
Less accumulated depreciation 10,243,363

Total fixed assets \$ 16,827,157

Other assets:

Bond issuance costs (net of amortization) \$ 77,491

Total assets \$ 20,574,345

LIABILITIES

Current liabilities:

Accounts payable	\$ 111,443
Accrued leave payable	93,867
Payable from restricted assets	25,371
Accrued general obligation bond interest	82,798
Current portion of general obligation bonds and capital leases	564,557

Total current liabilities \$ 878,036

Long term liabilities:

General obligation bonds & capital leases (net of current portion) 4,607,546

Total Liabilities \$ 5,485,582

EQUITY

Contributed capital \$ 9,926,934

Retained earnings:

Reserved for future projects	\$ 928,495
Unreserved	4,233,334

Total retained earnings \$ 5,161,829

Total fund equity \$ 15,088,763

Total liabilities and equity \$ 20,574,345

WATER AND SEWER FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Sale of services, commodities and properties:			
Sewer service charges	\$ 1,960,000	\$ 1,847,778	\$ (112,222)
Sale of water	1,120,000	1,119,376	(624)
Sale of materials and supplies	8,000	11,325	3,325
Late payment charges	30,000	29,277	(723)
Installation fees	10,000	18,538	8,538
Transfer fees	7,700	7,567	(133)
Reconnection fees	3,000	1,120	(1,880)
Total sale of services, commodities and properties	\$ 3,138,700	\$ 3,034,981	\$ (103,719)
Miscellaneous revenue:			
Recoveries and rebates	\$ 5,000	\$ 15,452	\$ 10,452
Miscellaneous receipts	750	1,260	510
Total miscellaneous revenue	\$ 5,750	\$ 16,712	\$ 10,962
Total operating revenue	\$ 3,144,450	\$ 3,051,693	\$ (92,757)
Operating expenses:			
Source of supply:			
Salary of chief operator	\$ 29,699	\$ 30,241	\$ (542)
Salaries of plant operators	122,779	125,073	(2,294)
Wages and extra help	48,000	35,299	12,701
Fringe benefits	59,715	56,811	2,904
Professional services	3,500	0	3,500
Repairs and maintenance--contractual	16,600	9,348	7,252
Maintenance service contracts	44,000	29,006	14,994
Advertising	250	839	(589)
Uniform rental	728	639	89
Payments on contracts	8,350	0	8,350
Permit fees	6,100	7,806	(1,706)
Vehicle expenses	2,000	2,119	(119)
Lease of equipment	800	476	324
Electric current	62,000	64,018	(2,018)
Communication	1,400	1,347	53
Fire insurance	3,400	2,835	565
General liability insurance	4,500	4,446	54
Laboratory supplies	3,500	4,323	(823)
Repairs--buildings and grounds	2,500	2,393	107
Gasoline, grease & oil	200	198	2
Repair parts--plant and equipment	7,600	2,412	5,188
Wearing apparel	500	254	246
Subscriptions	50	48	2
Materials and supplies	3,000	1,996	1,004
Chemical supplies	35,000	38,745	(3,745)

WATER AND SEWER FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Source of supply: (continued)			
Small tools	\$ 500	\$ 367	\$ 133
Travel	800	145	655
Training	550	175	375
Memberships and dues	575	46	529
Total source of supply	\$ 468,596	\$ 421,405	\$ 47,191
Transmission and distribution:			
Salary of water and sewer superintendent	\$ 50,125	\$ 50,103	\$ 22
Wages and extra help	162,408	155,402	7,006
Fringe benefits	74,301	70,973	3,328
Repairs and maintenance--contractual	7,162	2,463	4,699
Maintenance service contracts	480	1,008	(528)
Advertising	300	212	88
Uniform rental	1,274	1,056	218
Vehicle expenses	20,000	21,605	(1,605)
Lease of equipment	1,000	192	808
Communication	3,900	4,594	(694)
General liability insurance	5,700	5,632	68
Wearing apparel	1,175	1,423	(248)
Materials and supplies	22,820	36,958	(14,138)
Small tools	600	881	(281)
Travel	550	187	363
Training	600	77	523
Total transmission and distribution	\$ 352,395	\$ 352,766	\$ (371)
Meter reading:			
Wages and extra help	\$ 75,302	\$ 82,970	\$ (7,668)
Fringe benefits	31,004	27,553	3,451
Repairs and maintenance--contractual	1,500	144	1,356
Maintenance service contracts	540	3,852	(3,312)
Printing	0	88	(88)
Advertising	450	175	275
Uniform rental	546	660	(114)
Vehicle expenses	6,000	7,409	(1,409)
Lease of equipment	305	532	(227)
Postage	200	339	(139)
Communication	1,800	658	1,142
General liability insurance	3,000	2,964	36
Office supplies	260	225	35
Wearing apparel	550	547	3
Meters and supplies	30,720	42,083	(11,363)
Materials and supplies	3,000	2,103	897
Tools	300	1,257	(957)
Travel	360	119	241

WATER AND SEWER FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Meter reading: (continued)			
Training	\$ 850	\$ 316	\$ 534
Memberships and dues	50	0	50
Total meter reading	\$ 156,737	\$ 173,994	\$ (17,257)
Wastewater Treatment Operation:			
Salary of superintendent	\$ 29,699	\$ 30,251	\$ (552)
Salary of plant operators	254,651	199,161	55,490
Salary of plant maintenance mechanic	66,427	67,664	(1,237)
Wages and extra help	40,000	30,320	9,680
Fringe benefits	137,238	104,141	33,097
Professional services	7,500	0	7,500
Repairs and maintenance--contractual	69,098	62,309	6,789
Maintenance contracts	2,300	792	1,508
Advertising	750	380	370
Uniform rental	360	313	47
Payments on contracts	25,640	27,101	(1,461)
Laboratory testing services	18,720	10,246	8,474
Pretreatment testing	6,000	0	6,000
Vehicle expenses	5,000	5,868	(868)
Lease of equipment	1,400	1,287	113
Electric current	85,000	90,208	(5,208)
Fuel	10,000	9,740	260
Communications	3,400	3,308	92
Fire insurance	6,000	5,003	997
General liability insurance	9,000	8,894	106
Laboratory supplies	5,000	6,453	(1,453)
Repairs--buildings and grounds	2,000	3,294	(1,294)
Gasoline, grease and oil	4,500	6,428	(1,928)
Repair parts--equipment	15,000	30,611	(15,611)
Wearing apparel	1,200	1,038	162
Subscriptions	50	145	(95)
Materials and supplies	4,000	4,612	(612)
Chemical supplies	110,000	93,977	16,023
Tools	800	729	71
Travel	1,200	1,360	(160)
Training	1,000	435	565
Memberships and dues	1,075	315	760
Total wastewater treatment operation	\$ 924,008	\$ 806,383	\$ 117,625

WATER AND SEWER FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Public utilities administration:			
Salary of Town manager	\$ 18,579	\$ 19,206	\$ (627)
Salary of utilities director	35,630	36,295	(665)
Salary of secretary	24,182	23,735	447
Salary of account clerks	65,559	63,051	2,508
Public utilities technician	44,315	45,287	(972)
Salary of project engineer	14,592	14,861	(269)
Salary of finance director	15,162	15,444	(282)
Salary deputy finance director	17,147	17,464	(317)
Wages and extra help	3,600	4,471	(871)
Fringe benefits	77,494	72,559	4,935
Professional services	28,915	20,305	8,610
Professional services -- legal fees	10,000	4,826	5,174
Professional services -- recording costs	250	5	245
Repairs and maintenance--contractual	800	329	471
Maintenance contracts	5,179	5,629	(450)
Printing	2,600	5,018	(2,418)
Advertising	500	218	282
Lease of equipment	120	246	(126)
Postage	11,400	12,116	(716)
Communication	4,680	5,908	(1,228)
Surety bond	150	323	(173)
General liability insurance	4,000	3,952	48
Office supplies	4,000	3,682	318
Subscriptions	200	633	(433)
Travel	1,500	2,343	(843)
Training	5,210	4,166	1,044
Memberships and dues	600	607	(7)
Furniture and equipment	26,910	0	26,910
Total public utilities administration	\$ 423,274	\$ 382,679	\$ 40,595
Capital outlay:			
Machinery/equipment	\$ 29,364	\$ 0	\$ 29,364
Sewer plant improvements	236,434	0	236,434
Sewer line rehabilitation	150,000	0	150,000
Industrial Park	9,233	0	9,233
Water line replacement	45,000	0	45,000
Total capital outlay	\$ 470,031	\$ 0	\$ 470,031
Depreciation	\$ 0	\$ 786,095	\$ (786,095)
Amortization of bond issue costs	0	8,856	(8,856)
Total operating expenses	\$ 2,795,041	\$ 2,932,178	\$ (137,137)
Net operating income	\$ 349,409	\$ 119,515	\$ (229,894)

WATER AND SEWER FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-operating revenues (expenses):			
Interest revenue	\$ 60,000	\$ 131,568	71,568
Rental revenue	12,700	29,820	17,120
Water/sewer connection fees	555,425	0	(555,425)
Interest expense	(826,543)	(253,307)	573,236
Service charges	<u>(2,000)</u>	<u>(1,800)</u>	<u>200</u>
Net non-operating revenues (expenses)	\$ <u>(200,418)</u>	\$ <u>(93,719)</u>	\$ <u>106,699</u>
Net income (loss) before operating transfers	\$ 148,991	\$ 25,796	\$ (123,195)
Operating transfers out	(280,115)	0	280,115
Operating transfers in	<u>131,124</u>	<u>0</u>	<u>(131,124)</u>
Net income (loss)	\$ 0	\$ 25,796	\$ 25,796
Add depreciation on fixed assets acquired by grants	<u>0</u>	<u>315,114</u>	<u>315,114</u>
Net income (loss)	\$ 0	\$ 340,910	\$ 340,910
Retained earnings, beginning of year	<u>0</u>	<u>4,820,919</u>	<u>4,820,919</u>
Retained earnings, end of year	\$ <u><u>0</u></u>	\$ <u><u>5,161,829</u></u>	\$ <u><u>5,161,829</u></u>

WATER AND SEWER FUND**Statement of Cash Flows
Year Ended June 30, 2000**

Cash flows from operating activities:	
Operating income (loss)	\$ 119,515
Adjustments to reconcile operating income with net cash provided by operating activities:	
Depreciation	786,095
Amortization	8,856
(Increase) decrease in accounts receivable	33,975
(Increase) decrease in notes receivable	(74,589)
(Increase) decrease in inventory	(14,190)
Increase (decrease) in accounts payable	(227,535)
Increase (decrease) in accrued leave	23,140
Increase (decrease) in payable from restricted assets	(2,360)
Increase (decrease) in accrued general obligation bond interest	(7,425)
Net cash provided by operating activities	\$ 645,482
Cash flows from capital and related financing activities:	
Repayment of long term debt	\$ (567,894)
Interest and related payments on long-term debt	(255,107)
Purchase of fixed assets	(409,797)
Capital contributions from customers - tap fees	857,560
Net cash used in financing activities	\$ (375,238)
Cash flows from investing activities:	
Investment income	\$ 131,568
Rental income	29,820
Net cash provided by investing activities	161,388
Net increase in cash	\$ 431,632
Cash and cash equivalents at beginning of year	2,652,541
Cash and cash equivalents at end of year	\$ 3,084,173

CEMETERY FUND

Balance Sheet
At June 30, 2000**ASSETS**

Current assets:

Cash and investments	\$	84,589
Accrued interest receivable		251

Total current assets	\$	84,840
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Fixed assets

Land	\$	5,500
Buildings		3,997
Equipment		44,342

Sub-total	\$	53,839
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Less accumulated depreciation		34,238
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Total fixed assets	\$	19,601
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Total assets	\$	104,441
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LIABILITIES

Current liabilities:

Accounts payable	\$	2,506
Accrued leave payable		1,965

Total liabilities	\$	4,471
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EQUITY

Retained earnings:

Reserve for future projects	\$	5,000
Unreserved		94,970

Total retained earnings	\$	99,970
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Total liabilities and equity	\$	104,441
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CEMETERY FUND

Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavor.)
Operating revenues:			
Burial permits	\$ 16,000	\$ 15,400	\$ (600)
Sale of cemetery lots	1,750	0	(1,750)
Sale of perpetual care	250	0	(250)
Miscellaneous receipts	0	40	40
Total operating revenues	\$ 18,000	\$ 15,440	\$ (2,560)
Operating expenses:			
Maintenance of buildings and grounds:			
Wages and other help	\$ 55,579	\$ 49,838	\$ 5,741
FICA expense	4,252	3,593	659
Retirement	5,524	4,440	1,084
Hospitalization insurance	6,336	5,378	958
Miscellaneous benefits	463	856	(393)
Worker's Compensation	1,400	1,077	323
Contractual services	1,700	416	1,284
Uniform service	364	267	97
Payments on contracts	500	252	248
Vehicle/equipment expenses	4,000	4,238	(238)
Electric current	160	116	44
Fuel	800	936	(136)
Fire insurance	40	33	7
General liability insurance	17	17	0
Agricultural supplies	300	146	154
Repairs-buildings and grounds	350	241	109
Wearing apparel	204	134	70
Tools	100	102	(2)
Materials and supplies	1,000	432	568
Depreciation	0	3,454	(3,454)
Total operating expenses	\$ 83,089	\$ 75,966	\$ 7,123
Operating income (loss)	\$ (65,089)	\$ (60,526)	\$ 4,563
Non-operating revenues (expenses):			
Interest revenue	\$ 20,000	\$ 20,558	\$ 558
Net income (loss) before operating transfers	\$ (45,089)	\$ (39,968)	\$ 5,121
Operating transfers in	45,089	30,862	(14,227)
Net income (loss)	\$ 0	\$ (9,106)	\$ (9,106)
Retained earnings, beginning of year	0	109,076	109,076
Retained earnings, end of year	\$ 0	\$ 99,970	\$ 99,970

CEMETERY FUND

Statement of Cash Flows
Year Ended June 30, 2000

Cash flows from operating activities:	
Operating income (loss)	\$ (60,526)
Adjustments to reconcile operating income with net cash used in operating activities:	
Depreciation	3,454
(Increase) decrease in accrued interest receivable	679
Increase (decrease) in accounts payable	695
Increase (decrease) in accrued leave	727
Net cash used in operating activities	\$ (54,971)
Cash flows from noncapital financing activities:	
Operating transfers from other funds	\$ 30,862
Cash flows from investing activities:	
Investment income	\$ 20,558
Net decrease in cash	\$ (3,551)
Cash and cash equivalents at beginning of year	88,140
Cash and cash equivalents at end of year	\$ 84,589

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

FIDUCIARY FUNDS

Combining Balance Sheet

At June 30, 2000

	<u>Agency</u>	<u>Retirement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ <u>78,430</u>	\$ <u>2,047</u>	\$ <u>80,477</u>
LIABILITIES			
Accounts payable	\$ <u>78,430</u>	\$ <u>2,047</u>	\$ <u>80,477</u>

AGENCY FUNDS

Statement of Changes in Assets and Liabilities
Year Ended June 30, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
AGENCY FUND				
Assets:				
Cash	\$ <u>99,877</u>	\$ <u>0</u>	\$ <u>21,447</u>	\$ <u>78,430</u>
Liabilities:				
Accounts payable	\$ <u>99,877</u>	\$ <u>0</u>	\$ <u>21,447</u>	\$ <u>78,430</u>
RETIREMENT FUND				
Assets:				
Cash	\$ <u>16,879</u>	\$ <u>13,168</u>	\$ <u>28,000</u>	\$ <u>2,047</u>
Liabilities:				
Accounts payable	\$ <u>16,879</u>	\$ <u>13,168</u>	\$ <u>28,000</u>	\$ <u>2,047</u>
TOTALS-ALL AGENCY FUNDS				
Assets:				
Cash	\$ <u>116,756</u>	\$ <u>13,168</u>	\$ <u>49,447</u>	\$ <u>80,477</u>
Liabilities:				
Accounts payable	\$ <u>116,756</u>	\$ <u>13,168</u>	\$ <u>49,447</u>	\$ <u>80,477</u>

ACCOUNT GROUPS

General Fixed Assets Account Group - Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. No depreciation has been provided on general fixed assets.

SCHEDULE OF GENERAL FIXED ASSETS--BY SOURCE**At June 30, 2000**

General fixed assets:

Land and buildings	\$	4,676,884
Furniture and equipment		1,281,596
Vehicles		1,033,259

Total general fixed assets	\$	6,991,739
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Investment in general fixed assets by source:

General fund	\$	5,860,770
Special revenue fund		723,177
Donations		407,792

Total investments in general fixed assets	\$	6,991,739
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SCHEDULE OF GENERAL FIXED ASSETS--BY FUNCTION AND ACTIVITY
At June 30, 2000

Function and Activity	Land and Buildings	Furniture and Equipment	Vehicles	Total
General Government:				
Legislation	\$ 0	\$ 14,540	\$ 0	\$ 14,540
General Administration	623,980	316,644	0	940,624
Financial Administration	<u>0</u>	<u>32,607</u>	<u>0</u>	<u>32,607</u>
Total General Government	\$ <u>623,980</u>	\$ <u>363,791</u>	\$ <u>0</u>	\$ <u>987,771</u>
Public Safety:				
Police	\$ 837,000	\$ 258,669	\$ 316,531	\$ 1,412,200
Inspections	<u>0</u>	<u>3,495</u>	<u>39,160</u>	<u>42,655</u>
Total Public Safety	\$ <u>837,000</u>	\$ <u>262,164</u>	\$ <u>355,691</u>	\$ <u>1,454,855</u>
Public Works:				
Maintenance	\$ 2,045,845	\$ 481,773	\$ 447,634	\$ 2,975,252
Sanitation	<u>0</u>	<u>0</u>	<u>229,934</u>	<u>229,934</u>
Total Public Works	\$ <u>2,045,845</u>	\$ <u>481,773</u>	\$ <u>677,568</u>	\$ <u>3,205,186</u>
Community Development	\$ <u>1,170,059</u>	\$ <u>173,868</u>	\$ <u>0</u>	\$ <u>1,343,927</u>
Total general fixed assets	\$ <u><u>4,676,884</u></u>	\$ <u><u>1,281,596</u></u>	\$ <u><u>1,033,259</u></u>	\$ <u><u>6,991,739</u></u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS--BY FUNCTION AND ACTIVITY**For Year Ended June 30, 2000**

Function and Activity	General Fixed Assets July 1, 1999	Additions	Deletions	Transfers	General Fixed Assets June 30, 2000
General Government:					
Legislation	\$ 14,540	\$ 0	\$ 0	\$ 0	\$ 14,540
General Administration	857,694	109,591	20,719	(5,942)	940,624
Financial Administration	<u>32,607</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,607</u>
Total General Government	\$ <u>904,841</u>	\$ <u>109,591</u>	\$ <u>20,719</u>	\$ <u>(5,942)</u>	\$ <u>987,771</u>
Public Safety:					
Police	\$ 600,127	\$ 883,410	\$ 51,103	\$ (20,234)	\$ 1,412,200
Inspections	<u>40,853</u>	<u>0</u>	<u>13,689</u>	<u>15,491</u>	<u>42,655</u>
Total Public Safety	\$ <u>640,980</u>	\$ <u>883,410</u>	\$ <u>64,792</u>	\$ <u>(4,743)</u>	\$ <u>1,454,855</u>
Public Works:					
Maintenance	\$ 2,930,428	\$ 109,851	\$ 69,523	\$ 4,496	\$ 2,975,252
Sanitation	<u>229,934</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>229,934</u>
Total Public Works	\$ <u>3,160,362</u>	\$ <u>109,851</u>	\$ <u>69,523</u>	\$ <u>4,496</u>	\$ <u>3,205,186</u>
Community Development	\$ <u>1,299,023</u>	\$ <u>44,850</u>	\$ <u>6,135</u>	\$ <u>6,189</u>	\$ <u>1,343,927</u>
Total general fixed assets	\$ <u><u>6,005,206</u></u>	\$ <u><u>1,147,702</u></u>	\$ <u><u>161,169</u></u>	\$ <u><u>0</u></u>	\$ <u><u>6,991,739</u></u>

SUPPORTING SCHEDULES

GOVERNMENTAL FUNDS

Page 1 of 2

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2000

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 643,000	\$ 611,130	\$ (31,870)
Public service corporation taxes:			
Real and personal	32,000	18,692	(13,308)
Personal property taxes	751,000	729,835	(21,165)
Delinquent	30,000	60,133	30,133
Penalties	24,000	23,002	(998)
Interest	20,000	19,341	(659)
Total general property taxes	\$ 1,500,000	\$ 1,462,133	\$ (37,867)
Other local taxes:			
Local sales tax	\$ 175,000	\$ 244,592	\$ 69,592
Electrical utility taxes	225,000	237,300	12,300
Natural gas utility taxes	104,000	85,046	(18,954)
Telephone utility tax	265,000	357,868	92,868
Business, prof occupational licenses	595,000	750,026	155,026
Meal tax	800,000	977,125	177,125
Transient occupancy tax	90,000	125,937	35,937
Motor vehicle licenses	95,000	118,153	23,153
Bank franchise taxes	290,000	340,096	50,096
Utilities/Cable TV franchise fee	85,000	84,867	(133)
Cigarette tax	215,000	229,349	14,349
Total other local taxes	\$ 2,939,000	\$ 3,550,359	\$ 611,359
Licenses, permits and privilege fees:			
Taxi driver permits	\$ 100	\$ 75	\$ (25)
Building and related permits	45,000	55,595	10,595
Sign permits	3,000	1,694	(1,306)
Zoning appeals fees	300	300	0
Rezoning fees	3,000	0	(3,000)
Site development fees	15,000	61,285	46,285
Subdivision fees	2,000	1,520	(480)
Zoning fees	1,000	950	(50)
Review and inspection fees	7,000	719	(6,281)
Electrical permits	1,400	1,338	(62)
Utility construction permits	1,000	1,110	110
Zoning permits	3,000	5,025	2,025
Court recovery fees	30	53	23
Certificate of occupancy permit	3,000	4,798	1,798
Total licenses, permits and privilege fees	\$ 84,830	\$ 134,462	\$ 49,632
Fines and Forfeitures:			
Court fines and forfeitures	\$ 60,000	\$ 89,295	\$ 29,295
Parking fines	16,000	15,210	(790)
Total fines and forfeitures	\$ 76,000	\$ 104,505	\$ 28,505
Revenue from use of money and property:			
Interest on bank deposits	\$ 195,000	\$ 292,279	\$ 97,279
Rental income	1,200	300	(900)
Total revenue from use of money and property	\$ 196,200	\$ 292,579	\$ 96,379

GOVERNMENTAL FUNDS

Page 2 of 2

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2000 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Miscellaneous revenue:			
Telephone commission	\$ 775	\$ 558	\$ (217)
Sale of materials and supplies	300	775	475
Proffers	9,216	35,128	25,912
Sale of salvage and surplus	5,000	935	(4,065)
Sale of plastic bags	5,000	4,310	(690)
Sale of printed materials	1,500	2,055	555
Donations	0	37,807	37,807
Recycling income	4,000	7,490	3,490
Miscellaneous	2,500	85,013	82,513
Total miscellaneous income	\$ 28,291	\$ 174,071	\$ 145,780
Recovered costs:			
Recoveries and rebates	\$ 30,000	\$ 25,004	\$ (4,996)
Total revenue from local sources	\$ 4,854,321	\$ 5,743,113	\$ 888,792
Revenue from the Commonwealth:			
Non-categorical aid:			
ABC profits	\$ 19,000	\$ 15,346	\$ (3,654)
Wine tax	0	7,538	7,538
Motor vehicle rental tax	25,000	68,103	43,103
PPTRA	0	135,406	135,406
Rolling stock tax	120	65	(55)
Total non-categorical aid	\$ 44,120	\$ 226,458	\$ 182,338
Categorical aid:			
Litter control	\$ 2,200	\$ 2,503	\$ 303
DJCP law enforce grant	112,331	112,453	122
Virginia commission for the arts	\$ 5,000	\$ 5,000	\$ 0
Street & highway maintenance	656,081	680,318	24,237
Health grant	0	7,173	7,173
Loudoun transit	0	109,165	109,165
Other	13,600	5,739	(7,861)
Fire program	6,900	6,413	(487)
Total Categorical aid	\$ 796,112	\$ 928,764	\$ 132,652
Total Revenue from Commonwealth	\$ 840,232	\$ 1,155,222	\$ 314,990
Revenue from the Federal Government:			
Transportation safety	\$ 0	\$ 1,910	\$ 1,910
Sexual assault incentive grant	0	20,938	20,938
Total Revenue from Federal Government	\$ 0	\$ 22,848	\$ 22,848
Total General Fund	\$ 5,694,553	\$ 6,921,183	\$ 1,226,630

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND:			
Legislation department:			
Salary--mayor	\$ 4,800	\$ 4,800	\$ 0
Salaries--council	16,800	16,961	(161)
Salary recorder	24,475	24,925	(450)
Salaries--extra help	3,950	4,931	(981)
Fringe benefits	13,824	13,325	499
Professional services	43,000	2,376	40,624
Maintenance contracts	200	930	(730)
Printing	6,615	6,352	263
Advertising	1,000	1,221	(221)
Microfilm records	3,500	3,362	138
Postage	2,400	1,955	445
Communication	900	638	262
Surety Bond	36	16	20
Public officials liability insurance	600	401	199
General liability insurance	20	20	0
Lease of equipment	1,500	1,757	(257)
Office supplies	2,750	3,010	(260)
Travel	8,500	8,158	342
Public relations	500	120	380
Training	600	210	390
Membership and dues	135	110	25
Furniture and fixtures	150	0	150
Total legislative department	\$ 136,255	\$ 95,578	\$ 40,677
Executive department:			
Salaries--town manager	\$ 74,314	\$ 76,824	\$ (2,510)
Salaries--secretary	24,475	24,933	(458)
Salaries--extra help	1,000	2,025	(1,025)
Fringe benefits	40,964	41,965	(1,001)
Maintenance service contracts	270	1,272	(1,002)
Printing	100	196	(96)
Advertising	150	0	150
Lease of equipment	970	1,350	(380)
Postage	500	266	234
Communication	1,000	727	273
Surety bond	180	82	98
Public officials liability insurance	500	334	166
General liability insurance	30	30	0
Office supplies	500	381	119
Subscriptions	900	1,538	(638)
Travel	4,000	2,715	1,285

GOVERNMENTAL FUNDS

Page 2 of 11

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
General Government Administration: (continued)			
Executive department: (continued)			
Training	\$ 600	\$ 335	\$ 265
Memberships and dues	1,500	1,514	(14)
Furniture and fixtures	500	0	500
Total executive department	\$ 152,453	\$ 156,487	\$ (4,034)
Legal services:			
Salary--attorney	\$ 2,400	\$ 2,400	\$ 0
Fringe benefits	190	184	6
Professional services	85,000	156,217	(71,217)
General liability insurance	30	30	0
Subscriptions	200	0	200
Travel	500	838	(338)
Memberships and dues	250	250	0
Total legal services	\$ 88,570	\$ 159,919	\$ (71,349)
Finance Department:			
Salaries--finance director	\$ 60,647	\$ 61,763	\$ (1,116)
Salaries--deputy finance director	40,009	40,740	(731)
Salaries--account clerks	67,775	63,300	4,475
Wages and Extra help	6,000	5,457	543
Fringe benefits	55,976	57,506	(1,530)
Professional services	1,000	10,350	(9,350)
Independent auditors	11,500	11,500	0
Repairs and maintenance--contractual	500	324	176
Printing	8,500	7,635	865
Advertising	2,000	3,491	(1,491)
Recording costs	750	124	626
Postage	6,900	11,034	(4,134)
Communication	4,000	3,015	985
Surety bond	1,800	1,582	218
Public Officials liability insurance	840	562	278
General liability insurance	60	59	1
Office supplies	5,500	2,822	2,678
Service charges	1,100	3,513	(2,413)
Subscriptions	1,100	2,049	(949)
Motor vehicle licenses	1,100	1,085	15
Travel	2,000	1,099	901
Training	1,500	1,291	209
Memberships and dues	600	1,071	(471)
Furniture and fixtures	1,000	1,519	(519)
Total finance department	\$ 282,157	\$ 292,891	\$ (10,734)

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
General Government Administration: (continued)			
Memberships and Dues:			
Virginia municipal league	\$ 2,673	\$ 2,806	\$ (133)
VA institute of government	500	0	500
VA innovation group	750	750	0
Total memberships and dues	\$ 3,923	\$ 3,556	\$ 367
Data Processing Department:			
Wages and Extra help	\$ 4,500	\$ 4,328	\$ 172
Fringe benefits	344	401	(57)
Professional services	32,242	32,242	0
Contractual repair	1,200	0	1,200
Maintenance contracts	6,426	8,206	(1,780)
Communication	2,520	2,709	(189)
Travel	500	0	500
Training	4,400	285	4,115
Office supplies	1,400	2,110	(710)
Subscriptions	1,000	458	542
Data processing equipment	27,033	27,006	27
Total data processing department	\$ 81,565	\$ 77,745	\$ 3,820
Total general government administration	\$ 744,923	\$ 786,176	\$ (41,253)
Public Safety:			
Department of Police:			
Salary--chief of police	\$ 67,886	\$ 51,120	\$ 16,766
Salary--lieutenant	45,250	47,872	(2,622)
Salary--secretary	64,878	67,101	(2,223)
Salaries--sergeants	220,440	224,503	(4,063)
Salaries--patrolmen	323,740	271,533	52,207
Officer comp time	20,000	56,404	(36,404)
Salary--investigators	124,367	126,693	(2,326)
Salary--community resource officer	48,602	49,488	(886)
Wages and extra help	25,000	62,477	(37,477)
Fringe benefits	323,421	272,718	50,703
Professional services	11,800	15,645	(3,845)
Repairs and maintenance--contractual	9,000	4,332	4,668
Maintenance service contracts	4,000	6,106	(2,106)
Printing	4,500	2,493	2,007
Advertising	800	8,896	(8,096)
Board and care of prisoners	1,400	2,220	(820)
Vehicle expenses	60,000	60,398	(398)
Lease of equipment	3,130	3,461	(331)
Postage	1,400	2,067	(667)
Communication	9,000	10,221	(1,221)
Surety bond	1,000	455	545
Professional liability insurance	5,500	6,178	(678)
Office supplies	2,750	3,367	(617)
Police supplies	11,720	12,499	(779)
Wearing apparel	8,320	12,792	(4,472)
Subscriptions	500	791	(291)

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public Safety: (Continued)			
Department of Police: (continued)			
Narcotics Fund	\$ 2,000	\$ 2,000	\$ 0
Materials and supplies	9,500	7,618	1,882
Travel	3,500	2,888	612
Training	11,000	7,638	3,362
Memberships and dues	500	375	125
Furniture and fixtures	1,100	766	334
E-911 System Contribution	43,666	76,970	(33,304)
Data processing equipment	500	1,671	(1,171)
Motor vehicles	38,787	45,736	(6,949)
Grant expenditures	15,798	34,077	(18,279)
Total department of police	\$ 1,524,755	\$ 1,561,569	\$ (36,814)
Fire and Rescue Services:			
Salary--fireman	\$ 45,201	\$ 43,830	\$ 1,371
Salary--fire marshall	9,000	6,424	2,576
Fringe benefits	13,468	12,365	1,103
Professional services	100	0	100
Contribution fire department	16,608	17,045	(437)
Fire program	6,876	6,413	463
General liability insurance	4	4	0
Wearing apparel	800	312	488
Contribution - rescue squad	24,608	25,045	(437)
Travel	850	0	850
Memberships and dues	100	0	100
Communication equipment	4,000	70	3,930
Total fire and rescue services	\$ 121,615	\$ 111,508	\$ 10,107
Bureau of building inspections:			
Salaries--building inspectors	\$ 99,301	\$ 103,987	\$ (4,686)
Wages and extra help	3,000	3,236	(236)
Fringe benefits	34,223	32,794	1,429
Maintenance contracts	300	643	(343)
Printing	300	12	288
Uniform rental	325	315	10
Vehicle expenses	4,000	4,246	(246)
Lease of equipment	400	434	(34)
Postage	300	168	132
Communication	1,000	1,307	(307)
General liability insurance	25	25	0
Office supplies	400	340	60
Wearing apparel	300	263	37
Subscriptions	1,200	184	1,016

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public Safety: (Continued)			
Bureau of building inspections: (continued)			
Materials and supplies	\$ 200	\$ 531	\$ (331)
Tools	150	472	(322)
Travel	1,000	257	743
Training	1,000	270	730
Memberships and dues	400	264	136
Furniture and fixtures	200	0	200
Engineering equipment	1,100	172	928
Total bureau of building inspections	\$ 149,124	\$ 149,920	\$ (796)
Total public safety	\$ 1,795,494	\$ 1,822,997	\$ (27,503)
Public works administration:			
Salary-public works director	\$ 35,630	\$ 36,283	\$ (653)
Salary-public works superintendent	51,562	52,527	(965)
Salary-secretary	49,472	50,377	(905)
Salary--project engineer	21,887	22,286	(399)
Wages and extra help	3,000	357	2,643
Fringe benefits	55,197	54,610	587
Professional services	12,500	11,634	866
Contractual repairs	200	153	47
Maintenance contracts	1,600	2,985	(1,385)
Printing	400	165	235
Advertising	900	1,713	(813)
Vehicle expenses	1,500	1,587	(87)
Postage	1,800	757	1,043
Communication	3,000	2,161	839
Surety bond	75	34	41
General liability insurance	60	59	1
Lease of equipment	300	321	(21)
Office supplies	1,500	1,366	134
Engineering supplies	500	120	380
Subscriptions	100	451	(351)
Travel	600	567	33
Training	1,500	595	905
Memberships and dues	365	135	230
Furniture and fixtures	250	129	121
Total public works administration	\$ 243,898	\$ 241,372	\$ 2,526
Bureau of street maintenance:			
Wages and other help	\$ 235,214	\$ 219,531	\$ 15,683
Fringe benefits	158,789	124,556	34,233

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Bureau of street maintenance: (continued)			
Uniform rental	\$ 2,730	\$ 2,305	\$ 425
Vehicle/equipment expenses	9,400	9,961	(561)
Lease of equipment	850	543	307
Electric current	32,500	32,011	489
Wearing apparel	2,500	1,604	896
Materials and supplies	8,000	338	7,662
Chemical supplies	500	13	487
Food	200	632	(432)
Small tools	900	1,235	(335)
Travel	600	10	590
Training	500	76	424
Replace trash receptacles	1,000	38	962
Equipment	113,651	100,535	13,116
Driveway culverts	700	0	700
Total bureau of street maintenance	\$ 568,034	\$ 493,388	\$ 74,646
Arterial Street Maintenance:			
Wages and extra help	\$ 77,000	\$ 54,675	\$ 22,325
Fringe benefits	5,891	4,078	1,813
Contractual services	7,000	937	6,063
Payments on contracts	8,000	11,176	(3,176)
Vehicle/equipment expenses	93,000	91,918	1,082
Electric current	35,000	34,465	535
Lease of equipment	600	1,687	(1,087)
Repair parts--signal equipment	800	1,460	(660)
Materials and supplies	15,000	14,395	605
Chemical supplies	12,000	15,034	(3,034)
Food	200	21	179
Replace street name signs	600	113	487
Replace traffic signs	1,200	1,729	(529)
Sidewalk, curb and gutter	11,700	11,700	0
Street improvements and paving	49,577	41,454	8,123
Total arterial street maintenance	\$ 317,568	\$ 284,842	\$ 32,726
Collector Street Maintenance:			
Wages and extra help	\$ 60,000	\$ 44,844	\$ 15,156
Fringe benefits	4,950	3,212	1,738
Payments on contracts	3,000	11,996	(8,996)

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Collector street maintenance: (continued)			
Vehicle/equipment expenses	\$ 93,000	\$ 80,696	\$ 12,304
Materials and supplies	17,000	28,315	(11,315)
Chemical supplies	7,000	15,034	(8,034)
Lease of equipment	500	1,907	(1,407)
Food	200	0	200
Replace street name signs	400	520	(120)
Replace traffic signs	1,500	1,462	38
Sidewalk, curb and gutter	7,080	7,092	(12)
Street improvements and paving	102,786	111,370	(8,584)
Total collector street maintenance	\$ 297,416	\$ 306,448	\$ (9,032)
Bureau of Refuse Collection:			
Wages and extra help	\$ 172,702	\$ 178,253	\$ (5,551)
Fringe benefits	71,401	62,521	8,880
Uniform rental	1,092	908	184
Share landfill operation	125,000	122,422	2,578
Vehicle/equipment expenses	27,000	28,626	(1,626)
General liability insurance	375	371	4
Purchase of plastic bags	12,000	12,935	(935)
Wearing apparel	600	378	222
Materials and supplies	600	515	85
Total bureau of refuse collection	\$ 410,770	\$ 406,929	\$ 3,841
Recycling Program:			
Wages & extra help	\$ 39,000	\$ 36,653	\$ 2,347
Fringe benefits	2,984	2,735	249
Printing	100	0	100
Advertising	250	0	250
Payments on contracts	31,000	28,774	2,226
Vehicle expense	5,000	5,304	(304)
Purchase of plastic bags	12,000	0	12,000
General liability insurance	30	30	0
Materials and supplies	800	20	780
Total recycling program	\$ 91,164	\$ 73,516	\$ 17,648
Maintenance, Buildings and Grounds:			
Wages and extra help	\$ 20,091	\$ 20,800	\$ (709)
Fringe benefits	7,173	8,745	(1,572)
Contractual repairs and maintenance	5,000	8,203	(3,203)
Maintenance contracts	8,800	7,413	1,387
Janitorial service	5,039	18,944	(13,905)

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Public works administration: (Continued)			
Maintenance, Buildings and Grounds: (continued)			
Modification-public works building	\$ 0	\$ 23	\$ (23)
Uniform rental	182	171	11
Vehicle/equipment expenses	3,000	5,716	(2,716)
Lease of equipment	11,300	6,680	4,620
Lease of buildings	77,886	75,984	1,902
Electric current	22,000	19,233	2,767
Fuel	9,500	7,846	1,654
Communication	5,000	6,251	(1,251)
Fire insurance	2,000	1,668	332
General liability insurance	50	49	1
Repairs, buildings and grounds	1,800	3,538	(1,738)
Repairs, parking lots	2,000	51	1,949
Wearing apparel	97	37	60
Materials and supplies	6,700	4,859	1,841
Training	100	76	24
Furniture and fixtures	1,000	1,375	(375)
Landscaping-parking lot E	1,000	0	1,000
Purchase of property	5,276	6,000	(724)
Total maintenance, buildings and grounds	\$ 194,994	\$ 203,662	\$ (8,668)
Maintenance Parks:			
Wages and extra help	\$ 5,000	\$ 3,066	\$ 1,934
Fringe benefits	383	232	151
Rady Park maintenance	300	0	300
Electric current	1,500	1,102	398
Fire insurance	20	17	3
Lease of equipment	1,500	1,479	21
Repairs-building and grounds	200	13	187
Materials and supplies	500	1,104	(604)
Playground equipment	3,100	2,325	775
Total maintenance, parks	\$ 12,503	\$ 9,338	\$ 3,165
Total public works	\$ 2,136,347	\$ 2,019,495	\$ 116,852
Contributions:			
Welfare/Social Services:			
Fauquier Housing	\$ 30,000	\$ 30,000	\$ 0
Fauquier Community Action	7,500	7,500	0
Fauquier Family Shelter Services	6,100	6,100	0
Fauquier Community Child Care	3,600	3,600	0
Fauquier Free Clinic	10,000	10,000	0
Piedmont Dispute Resolution Center	1,000	1,000	0
Contribution-Loudoun Bus Center	0	109,610	(109,610)
Contribution - Habitat for Humanity	22,400	14,099	8,301
Total welfare/social services contributions	\$ 80,600	\$ 181,909	\$ (101,309)

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Contributions: (Continued)			
Parks and recreation:			
Bluemont Concert Series	\$ 12,000	\$ 12,000	\$ 0
Moving Arts	1,000	1,000	0
Boys and Girls Club	11,000	11,000	0
Parks and recreation	10,250	10,750	(500)
Total parks and recreation contributions	\$ 34,250	\$ 34,750	\$ (500)
Cultural enrichment:			
Fauquier Historical	\$ 10,000	\$ 10,000	\$ 0
Veterans Memorial	2,000	2,000	0
Total cultural enrichment	\$ 12,000	\$ 12,000	\$ 0
Total contributions	\$ 126,850	\$ 228,659	\$ (101,809)
Planning and Community Development:			
Planning and Zoning Department:			
Salaries--commission members	\$ 6,300	\$ 6,300	\$ 0
Salaries--town planner	63,185	68,044	(4,859)
Salary--community development assistant	15,594	8,285	7,309
Salary--secretary	29,688	30,230	(542)
Salary--zoning inspector	31,021	31,599	(578)
Wages and extra help	11,000	13,143	(2,143)
Fringe benefits	41,363	38,063	3,300
Professional services	10,164	12,413	(2,249)
Payments on contracts	5,144	5,144	0
Contractual repairs and maintenance	500	535	(35)
Maintenance contracts	1,850	252	1,598
Printing	1,000	1,425	(425)
Advertising	2,000	5,975	(3,975)
Microfilm records	1,000	0	1,000
Postage	1,100	772	328
Communication	2,300	1,415	885
Surety bonds	150	68	82
General liability insurance	35	35	0
Office supplies	2,100	1,430	670
Materials and supplies	2,600	445	2,155
Subscriptions	1,000	1,218	(218)
Travel	1,500	351	1,149
Training	1,200	129	1,071
Contribution--planning district	2,938	2,938	0
Memberships and dues	1,100	543	557
Furniture and fixtures	800	0	800
Total planning and zoning department	\$ 236,632	\$ 230,752	\$ 5,880
Zoning Appeals Board:			
Advertising	\$ 500	\$ 317	\$ 183
Postage	150	111	39

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Planning and Community Development: (Continued)			
Zoning Appeals Board: (continued)			
Travel	\$ 250	\$ 0	\$ 250
Training	750	0	750
Office supplies	50	0	50
Total Zoning Appeals Board	\$ 1,700	\$ 428	\$ 1,272
Architectural Review Board:			
Printing	\$ 200	\$ 0	\$ 200
Advertising	100	12	88
Postage	100	11	89
Office supplies	200	197	3
Travel	300	0	300
Training	1,000	413	587
Memberships and dues	100	0	100
Total Architectural Review Board	\$ 2,000	\$ 633	\$ 1,367
Economic Development Department:			
Salary--economic development director	\$ 54,500	\$ 51,266	\$ 3,234
Salary--community development assistant	15,594	9,635	5,959
Wages and extra help	1,000	1,677	(677)
Fringe benefits	18,469	15,091	3,378
Professional services	21,500	15,820	5,680
Printing	20,000	14,280	5,720
Advertising	12,000	8,364	3,636
Payments on contracts	10,000	2,200	7,800
Postage	1,550	452	1,098
Communication	2,000	707	1,293
Surety bond	75	34	41
General liability insurance	20	20	0
Office supplies	500	502	(2)
Subscriptions	300	447	(147)
Miscellaneous supplies	1,500	1,652	(152)
Travel	4,000	2,540	1,460
Training	1,750	1,619	131
Memberships and dues	1,425	1,510	(85)
Contribution- Visitor Center	40,000	40,000	0
Contribution - Partnership	24,000	24,000	0
Furniture and fixtures	250	414	(164)
Total economic development department	\$ 230,433	\$ 192,230	\$ 38,203
Total community development	\$ 470,765	\$ 424,043	\$ 46,722

GOVERNMENTAL FUNDS

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Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2000 (continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavor.)
GENERAL FUND: (Continued)			
Capital outlays:			
Route 29 bypass	\$ 43,700	\$ 41,027	\$ 2,673
Light installation	14,183	7,328	6,855
Town Office renovation	51,239	51,946	(707)
Recreational facility design	10,000	11,325	(1,325)
Moffet Avenue drainage	150,000	138,994	11,006
Sidewalk construction	92,437	116,604	(24,167)
Waterloo Road drainage	15,996	11,919	4,077
Wherehouse improvements	12,918	12,918	0
Shirley Avenue widening	39,299	39,299	0
Moser/Church Street drainage	9,637	9,637	0
Academy Hill Park improvements	22,000	7,390	14,610
Fifth Street parking lot	0	35,682	(35,682)
Warrenton Business Park	47,350	47,756	(406)
Traffic signalization	40,000	1,881	38,119
Police department acquisition	650,000	857,136	(207,136)
Mosby House	35,000	0	35,000
Total capital outlays	\$ 1,233,759	\$ 1,390,842	\$ (157,083)
Debt service:			
Principal	\$ 24,635	\$ 23,719	\$ 916
Interest and fiscal charges	885	1,032	(147)
Total debt service	\$ 25,520	\$ 24,751	\$ 769
Total General Fund	\$ 6,533,658	\$ 6,696,963	\$ (163,305)

Schedule of Director of Finance's Accountability

At June 30, 2000

Assets held by the Treasurer:

Cash on hand	\$	225
Cash in banks:		
Checking:		
Fauquier National Bank		89,057
First Virginia Bank		15,533
Marshall National Bank		12,224
F & M Peoples Bank		(69,887)
Money Market Accounts:		
Crestar		34,266
F & M Peoples Bank		9,822
Wachovia Bank		9,134
Southern Financial		5,822
Certificates of Deposit:		
Fauquier National Bank		1,500,000
Southern Financial		2,765,160
Marshall National Bank		197,519
F & M Peoples National Bank		207,168
F & M People's National Bank-Cash Management Trust		118,790
F & M People's National Bank-Repurchase agreement		507,347
Local Government Investment Pool		3,091,776
US Treasuries Investments		589,060

Total assets	\$	<u>9,083,016</u>
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Liabilities of the Director of Finance:

Balance of Town funds (Schedule 4)	\$	<u>9,083,016</u>
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Schedule of Treasurer's Accountability to the Town

All Town Funds
At June 30, 2000

	Governmental Fund Type General	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals
Balance July 1, 1999	\$ 5,844,069	\$ 2,740,681	\$ 116,756	\$ 8,701,506
Receipts:				
General property taxes	\$ 1,500,036	\$ 0	\$ 0	\$ 1,500,036
Other local taxes	3,543,422	0	0	3,543,422
Permits, privilege fees and regulatory licenses	134,462	0	0	134,462
Fines and forfeitures	104,505	0	0	104,505
Revenue from use of money and property	310,656	182,625	0	493,281
Charges for services	0	3,084,356	0	3,084,356
From other agencies	1,410,514	0	0	1,410,514
Miscellaneous	174,071	16,752	0	190,823
Recovered costs	25,004	0	0	25,004
Total receipts	\$ 7,202,670	\$ 3,283,733	\$ 0	\$ 10,486,403
Total receipts and balance	\$ 13,046,739	\$ 6,024,414	\$ 116,756	\$ 19,187,909
Disbursements (Net):				
Warrants (checks) issued	\$ 7,157,349	\$ 2,056,088	\$ 36,279	\$ 9,249,716
Principal retirement	23,719	567,894	0	591,613
Interest and fiscal charges	1,032	262,532	0	263,564
Total disbursements	\$ 7,182,100	\$ 2,886,514	\$ 36,279	\$ 10,104,893
Interfund transfers:				
Transfers in	\$ 0	\$ 30,862	\$ 0	\$ 30,862
Transfers out	(30,862)	0	0	(30,862)
Balance, June 30, 2000	\$ 5,833,777	\$ 3,168,762	\$ 80,477	\$ 9,083,016

Note: These receipts and disbursements are recorded on a cash basis. Revenues and expenditures reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

GENERAL FUND

Schedule of Changes in Designated Fund Balance
Year Ended June 30, 2000

	Balances July 1 1999	Transfers		Balances June 30, 2000
		In	Out	
Planning department printing	\$ 8,500	\$ 0	\$ 0	\$ 8,500
Economic development labor study	8,000	0	2,200	5,800
Repairs municipal building	4,059	0	0	4,059
Parking lot improvements	53,865	2,081	0	55,946
Landscaping lot E	925	0	925	0
Tree planting-5th Street	2,000	0	2,000	0
Park site improvements	29,059	0	7,390	21,669
Microfilm records	2,911	0	0	2,911
Driveway culverts	1,208	0	1,208	0
Storm sewers	190,200	0	0	190,200
Storm sewers-lot 3	8,432	0	8,432	0
Shop tools and equipment	46,367	0	46,367	0
Light installation	28,836	0	0	28,836
Landscaping Rt. 29 bypass	3,450	0	0	3,450
Drainage Shirley Avenue	69,000	0	69,000	0
Business Park	0	504,176	0	504,176
Recreation	0	390,037	0	390,037
Highland Proffers	0	25,998	0	25,998
SWMM upgrade	15,000	0	0	15,000
Shirley Avenue improvements	0	111,032	0	111,032
Shirley Avenue widening	81,331	0	81,331	0
Recreational facility design	30,000	0	10,000	20,000
Winchester Street drainage	75,170	0	0	75,170
Aerial photography	18,644	0	5,144	13,500
Drainage Lee Highway	56,200	0	10,000	46,200
Haiti St. sidewalk	23,400	0	0	23,400
Street light conversion	6,855	0	6,855	0
Economic development printing	10,000	0	10,000	0
Walker Drive construction	134,396	0	134,396	0
Town office renovation	167,861	0	51,945	115,916
4th Street sidewalk	5,500	0	5,500	0
Wherehouse improvements	27,800	0	12,918	14,882
Professional services-data processing	0	16,575	0	16,575
Professional services-planning	0	14,336	0	14,336
Professional services-comprehensive plan	0	17,000	0	17,000
Van Roijan Street drainage	0	75,504	0	75,504
Moser/Church Street drainage	0	105,363	0	105,363
Alexandria Pike/King Street drainage	0	15,000	0	15,000
Totals	\$ 1,108,969	\$ 1,277,102	\$ 465,611	\$ 1,920,460

WATER AND SEWER FUND

Schedule of Changes in Reserved Retained Earnings
Year Ended June 30, 2000

	Balances July 1 1999	Transfers		Balances June 30, 2000
		In	Out	
Water plant improvements	\$ 48,980	\$ 62,792	\$ 0	\$ 111,772
Furniture and fixtures	19,500	0	16,885	2,615
Lift station upgrade	32,000	0	0	32,000
Lines and services	285,000	0	0	285,000
Flusher truck	4,562	0	4,562	0
Tank maintenance contracts	25,347	0	25,347	0
Water plant alum tank	28,275	0	28,275	0
Sewer machinery and equipment	11,956	0	11,956	0
Sewer rehabilitation	139,800	0	0	139,800
Sewer Plant Improvements	147,008	20,376	74,568	92,816
Pump repairs sewer plant	15,000	0	15,000	0
Building modifications	12,000	0	0	12,000
Professional services sewer	6,858	0	6,858	0
Professional services-data processing	0	7,475	0	7,475
Professional services-Bathymetric survey	0	18,000	0	18,000
Industrial Park sewage construction	0	227,017	0	227,017
Totals	\$ 776,286	\$ 335,660	\$ 183,451	\$ 928,495

<i>Town of Warrenton, Virginia</i>		Schedule 7
Computation of Legal Debt Margin		
At June 30, 2000		
Total Assessed Value of Real Estate	\$	<u>509,297,128</u>
Legal Debt Margin:		50,929,713
Less: Existing Bonded Debt Subject to Limitation		<u>0</u>
Legal Margin for Creation of Additional Debt	\$	<u>50,929,713</u>

STATISTICAL SECTION

GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Fiscal Year	General Legislative & Policy Direction	General Administration	Counsel & Legal Advice	Financial Administration	Board of Elections and Memberships	Public Safety	Public Works	Boards and Commissions	Non-Departmental	Debt Service & Capital Outlay Unallocated	Total
1990-91	\$ 63,008	\$ 147,561	\$ 76,782	\$ 209,763	\$ 0	\$ 1,418,325	\$ 1,683,087	\$ 441,219	\$ 58,826	\$ 453,824	\$ 4,552,395
1991-92	63,350	240,843	101,595	208,798	2,677	1,327,169	1,624,020	157,035	56,621	572,769	4,354,877
1992-93	66,355	138,143	90,974	230,891	2,061	1,524,283	1,637,932	186,386	89,915	624,026	4,590,966
1993-94	65,171	142,110	157,384	237,624	5,105	1,426,564	1,896,748	238,769	105,085	408,566	4,683,126
1994-95	67,602	142,727	141,084	296,676	2,620	1,504,475	1,977,049	396,326	0	755,997	5,284,556
1995-96	77,121	147,974	129,261	286,304	6,516	1,492,504	1,947,429	399,992	0	839,649	5,326,750
1996-97	78,103	153,835	130,823	328,702	2,982	1,535,401	1,919,503	410,541	0	661,488	5,221,378
1997-98	87,551	160,101	99,832	399,530	3,069	1,599,638	1,946,781	467,308	0	1,309,459	6,073,269
1998-99	102,602	150,440	162,416	337,139	3,423	1,711,155	1,944,714	512,011	0	1,469,562	6,393,462
1999-00	95,578	156,487	159,919	370,636	3,556	1,822,997	2,019,495	652,702	0	1,415,593	6,696,963

Note: (1) Includes General and Special Revenue funds.

Town of Warrenton, Virginia**Table 2****Governmental Revenues by Source (1)**

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use Money and Property & Charges for Services	From Other Agencies	Miscellaneous	Recovered Costs & Other Non-Revenue	Total
1990-91	\$ 1,292,372	\$ 2,272,933	\$ 94,516	\$ 69,146	\$ 154,435	\$ 793,713	\$ 2,604	\$ 11,897	\$ 4,691,616
1991-92	1,341,764	2,239,633	50,141	45,473	98,318	624,250	1,334	9,615	4,410,528
1992-93	1,428,552	2,367,484	63,204	37,980	44,930	585,576	13,803	27,074	4,568,603
1993-94	1,427,945	2,376,820	74,890	61,705	57,693	650,663	2,452	20,902	4,673,070
1994-95	1,468,480	2,708,602	126,713	68,120	123,795	1,014,010	165,598	33,429	5,708,747
1995-96	1,546,250	2,677,104	87,020	77,591	152,898	767,266	195,286	47,011	5,550,426
1996-97	2,058,698	3,480,602	91,864	87,144	236,841	1,191,895	223,144	57,234	7,427,422
1997-98	1,675,689	3,232,114	125,678	110,940	244,565	1,047,433	189,521	31,124	6,657,064
1998-99	1,643,425	3,482,397	109,343	106,942	302,289	1,169,012	36,698	23,527	6,873,633
1999-00	1,597,539	3,550,359	134,462	104,505	292,579	1,042,664	174,071	25,004	6,921,183

Note: (1) Includes General and Special Revenue funds

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES (1)

Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Utility Tax	Franchise Tax	Meals Tax	Transient Occupancy Tax	Business, Profess'I Occupat'I Licenses	Motor Vehicle Licenses	Motor Vehicle Rental Tax	Cigarette Tax	Total
1990-91	\$ 1,275,739	\$ 130,838	\$ 486,594	\$ 154,812	\$ 817,984	\$ 60,099	\$ 558,756	\$ 63,482	\$ 368	\$ 0	\$ 3,548,672
1991-92	1,341,764	118,129	477,669	156,043	725,431	69,109	439,093	77,459	358	176,343	3,581,398
1992-93	1,428,552	111,561	535,840	136,865	702,635	72,356	549,893	83,752	3,166	171,416	3,796,036
1993-94	1,427,945	124,213	455,791	165,985	733,627	80,082	563,721	85,340	5,548	168,061	3,810,313
1994-95	1,468,480	136,840	551,251	266,227	784,715	84,718	559,798	88,084	8,375	236,969	4,185,457
1995-96	1,546,250	147,669	568,906	212,381	769,446	79,554	568,504	90,540	29,026	240,104	4,252,380
1996-97	2,058,698	175,642	608,324	400,043	815,876	92,106	1,070,772	97,406	25,358	220,433	5,564,658
1997-98	1,675,689	176,806	614,057	403,473	864,012	101,620	743,466	103,694	40,867	224,986	4,948,670
1998-99	1,643,425	206,139	641,291	436,984	952,222	99,342	802,613	110,116	39,295	233,690	5,165,117
1999-00	1,597,539	244,592	680,214	424,963	977,125	125,937	750,026	118,153	68,103	229,349	5,216,001

Note: (1) Includes General and Special Revenue funds.

Town of Warrenton, Virginia**Table 4****PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1990-91	\$ 1,352,401	\$ 1,240,729	91.74%	\$ 35,010	\$ 1,275,939	94.35%
1991-92	1,368,922	1,268,220	92.64%	62,970	1,331,190	97.24%
1992-93	1,394,270	1,303,570	93.49%	79,732	1,383,302	99.21%
1993-94	1,443,208	1,347,778	93.39%	57,535	1,405,313	97.37%
1994-95	1,473,604	1,374,728	93.29%	61,637	1,436,365	97.47%
1995-96	1,533,164	1,432,519	93.44%	68,104	1,500,623	97.88%
1996-97	2,062,905	1,948,836	94.47%	70,628	2,019,464	97.89%
1997-98	1,618,551	1,560,250	96.40%	67,697	1,627,947	100.58%
1998-99	1,603,661	1,552,848	96.83%	50,932	1,603,780	100.01%
1999-00	1,553,140	1,494,425	96.22%	60,771	1,555,196	100.13%

Notes: (1) Exclusive of penalties and interest

ASSESSED AND ESTIMATED VALUATION OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service Corp.		Total	Assessed vs. Fair Market Value
			Real (1)	Personal		
1990-91	\$ 385,257,867	\$ 25,307,642	\$ 14,283,786	\$ 21,426	\$ 424,870,721	100%
1991-92	398,462,600	26,033,471	14,244,174	23,370	438,763,615	100%
1992-93	404,383,428	25,582,556	14,671,101	16,275	444,653,360	100%
1993-94	422,754,700	25,556,541	16,677,073	10,087	464,998,401	100%
1994-95	429,406,316	28,677,807	20,530,723	10,479	478,625,325	100%
1995-96	437,622,062	29,140,469	18,722,797	8,965	485,494,293	100%
1996-97	674,730,150	37,804,216	17,686,167	7,122	730,227,655	100%
1997-98	469,124,500	37,886,291	18,688,957	11,734	525,711,482	100%
1998-99	474,819,450	42,111,093	19,905,293	11,734	536,847,570	100%
1999-00	488,175,500	43,931,350	21,121,628	17,351	553,245,829	100%

(1) 1997 was the first year the Town utilized semi-annual real estate billings.

Town of Warrenton, Virginia**Table 6****PROPERTY TAX RATES (1)****Last Ten Fiscal Years**

Fiscal Year	County of Fauquier Real Estate	Town Real Estate	County of Fauquier PP & MT	Town Personal Property & Machinery and Tools	Town Public Service Corp.	
					Real	Personal
1990-91	\$ 0.83	\$ 0.18	\$ 4.00	\$ 2.50	\$ 0.18	\$ 2.50
1991-92	0.88	0.18	4.00	2.50	0.18	2.50
1992-93	0.93	0.18	4.20	2.50	0.18	2.50
1993-94	0.93	0.18	4.20	2.50	0.18	2.50
1994-95	1.03	0.18	4.90	2.50	0.18	2.50
1995-96	1.03	0.18	4.90	2.50	0.18	2.50
1996-97	1.03	0.18	4.90	2.40	0.18	2.40
1997-98	1.06	0.18	4.65	2.25	0.18	2.25
1998-99	1.06	0.14	4.65	2.25	0.14	2.25
1999-00	1.06	0.115	4.65	2.25	0.115	2.25

Notes: (1) Rates are based on \$100 per assessed value.

Town of Warrenton, Virginia**Table 7****RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1990-91	4,896	\$ 424,870,321	\$ 0	0.0000	\$ 0
1991-92	4,896	438,763,615	0	0.0000	0
1992-93	4,882	444,653,360	0	0.0000	0
1993-94	5,117	464,998,401	0	0.0000	0
1994-95	5,117	478,625,325	0	0.0000	0
1995-96	5,117	485,494,293	0	0.0000	0
1996-97	5,716	730,227,655	0	0.0000	0
1997-98	6,035	525,711,482	0	0.0000	0
1998-99	6,339	536,847,570	0	0.0000	0
1999-00	6,634	553,245,829	0	0.0000	0

Notes: (1) Town of Warrenton Planning Department

(2) Includes all long-term general obligation debt

Town of Warrenton, Virginia**Table 8****RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES****Last Ten Fiscal Years**

Fiscal Year	Principal (1,2)	Interest (1,2)	Total Debt Service	Total General Gov't. Expend.(3)	Ratio of Debt Service to General Gov't. Expend.
1990-91	\$ 22,877	\$ 5,591	\$ 28,468	\$ 4,552,395	0.6%
1991-92	41,775	7,028	48,803	4,354,877	1.1%
1992-93	45,233	3,570	48,803	4,578,073	1.1%
1993-94	19,934	400	20,334	4,683,126	0.4%
1994-95	31,210	2,283	33,493	5,284,556	0.6%
1995-96	71,868	11,516	83,384	5,326,750	1.6%
1996-97	74,651	8,733	83,384	5,221,378	1.6%
1997-98	41,171	4,656	45,827	6,073,269	0.8%
1998-99	39,256	1,475	40,731	6,393,462	0.6%
1999-00	23,719	1,032	24,751	6,696,963	0.4%

(1) General obligation bonds reported in the enterprise funds have been excluded. Lease purchase agreements have been included.

(2) Excludes bond issuance and other costs.

(3) Includes general and special revenue funds.

REVENUE BOND COVERAGE - WATER AND SEWER BONDS

Last Ten Fiscal Years

Fiscal Year	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1990-91	\$ 2,364,459	\$ 1,559,794	\$ 804,665	\$ 12,367	\$ 656,674	\$ 669,041	1.20
1991-92	2,270,103	1,781,742	488,361	357,584	619,283	976,867	0.50
1992-93	2,532,537	1,713,302	819,235	369,452	370,141	739,593	1.11
1993-94	2,668,431	2,256,227	412,204	470,777	404,676	875,453	0.47
1994-95	2,752,739	1,815,800	936,939	445,000	498,500	943,500	0.99
1995-96	2,774,206	1,801,247	972,959	472,732	375,385	848,117	1.15
1996-97	2,858,907	1,883,751	975,156	483,505	348,826	832,331	1.17
1997-98	2,944,537	1,811,984	1,132,553	535,000	314,116	849,116	1.33
1998-99	2,966,545	2,046,230	920,315	540,000	284,100	824,100	1.12
1999-00	3,051,693	2,137,227	914,466	550,000	259,530	809,530	1.13

(1) Includes all operating revenues.

(2) Includes all operating expenses except depreciation and amortization.

Computation of Direct and Overlapping Bonded Debt

At June 30, 2000

Direct:				
Town of Warrenton (1)	\$	0	100.00%	\$ 0
Overlapping:				
County of Fauquier	\$	<u>45,212,655</u>	5.41%	\$ <u>2,446,005</u>
Total	\$	<u><u>45,212,655</u></u>		\$ <u><u>2,446,005</u></u>

(1) Including lease purchase agreements but excluding general obligation bonds reported in the enterprise fund.

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Property Value*			Residential Construction (1)		Commercial Construction (1)		Bank Deposits
	Commercial	Residential	Total	Number of units	Value	Number of units	Value	(2) *
1990-91	\$ 145,578	\$ 279,293	\$ 424,871	76	\$ 1,068	46	\$ 1,209	\$ 449,235
1991-92	149,161	289,603	438,764	58	1,064	25	379	420,183
1992-93	147,773	247,316	395,089	29	1,215	3	657	338,054
1993-94	248,121	545,270	793,391	145	18,453	93	11,093	451,854
1994-95	325,730	635,000	960,730	124	15,171	2	12,316	399,015
1995-96	778,573	222,583	1,001,156	18	164,341	4	498,500	402,602
1996-97	4,710,905	6,102,168	10,813,073	61	4,746,700	3	1,492,825	402,745
1997-98	3,101,240	7,249,493	10,350,733	70	6,530,225	3	589,630	510,985
1998-99	16,577,531	8,610,512	25,188,043	85	7,914,000	5	11,633,540	543,747
1999-00	5,519,499	11,853,634	17,373,133	105	10,395,450	5	721,000	602,956

* Amounts expressed in thousands

(1) Source: Town of Warrenton Planning Department

(2) Source: Financial Institutions Data Exchange

Demographic Statistics

At June 30, 2000

Population (1)	6,634
Unemployment Rate (County of Fauquier, Virginia) (2)	1.40%
Number School Age Children (3)	1,021
Per Capita Personal Income (4)	29,403
Median Age (5)	34.2

(1) Town of Warrenton Planning Department

(2) Virginia Employment Commission

(3) Fauquier County

(4) 2000 American Community Network

(5) 1999 American Community Network

Principal Taxpayers

At June 30, 2000

		Assessed Valuation	% of Total Assessed Valuation
Jefferson Associates	Shopping Center \$	23,107,100	4.50%
Bell Atlantic-Virginia Inc.	Utility	12,506,970	2.46%
Warrenton Development Company	Developer	9,558,500	1.88%
Troy CMBS Property, LLC	Shopping Center	6,590,700	1.29%
Warrenton Town Centre Assoc.	Shopping Center	5,539,900	1.09%
Virginia Power	Utility	5,320,370	1.04%
Warrenton Professional Center	Health Care Provider	4,726,600	0.93%
The Fauquier Bank	Financial Institution	4,503,200	0.88%
Mildred M. Fletcher	Rental Properties	4,494,200	0.90%
Oak Springs Assoc. Ltd	Developer	3,570,800	0.70%

Miscellaneous Statistics**At June 30, 2000**

Date of Incorporation	1810
Form of Government	Council/Manger
Number of employees (excluding police and fire):	
Classified	71
Exempt	7
Area in square miles	4.25
Town of Warrenton, Virginia facilities and services:	
Miles of streets	74.91
Number of street lights	622
Fire Protection:	
Number of stations (volunteer station)	1
Number of paid fire personnel and officers	1
Police Protection:	
Number of stations	1
Number of police personnel and officers	20
Number of patrol units	14
Number of law violations:	
Physical arrests	566
Traffic violations	1,066
Parking violations	1,798
Sewage System:	
Miles of sanitary sewers	51
Miles of storm sewers	11.62
Number of treatment plants	1
Number of service connections	2,770
Daily average treatment in gallons	1,250,000
Maximum daily capacity of plant in gallons	2,500,000
Water System:	
Miles of water mains	69.28
Number of service connections	3,203
Number of fire hydrants	694
Daily average consumption in gallons	1,100,000
Maximum daily capacity of plant in gallons	2,000,000
Facilities and services not included in reporting entity:	
Education:	
Number of elementary schools	2
Number of secondary schools	3
Number of school age population	1,021
Hospitals:	
Number of hospitals	1
Number of patient beds	121

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE TOWN COUNCIL TOWN OF WARRENTON, VIRGINIA

We have audited the financial statements of the Town of Warrenton, Virginia as of and for the year ended June 30, 2000 and have issued our report thereon dated September 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Warrenton, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Warrenton, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Warrenton, Virginia in a separate letter dated September 13, 2000.

This report is intended for the information of the town council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Robinson, Fama, Cox Associates

Charlottesville, Virginia

September 13, 2000